





**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

# ***Daily Report***

## **East Asia**

**FBIS-EAS-95-164  
Thursday  
24 August 1995**

**This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.**



# Daily Report

## East Asia

FBIS-EAS-95-164

### CONTENTS

24 August 1995

NOTICE: An \* indicates material not disseminated in electronic form.

#### NORTHEAST ASIA

##### Japan

Reportage on Auto, Auto Parts Accord With U.S. ....	1
Officials 'Privately Fume' [KYODO] .....	1
'Gist' of Auto Accord [KYODO] .....	1
'Details' of Accord [KYODO] .....	2
Objective Criteria 'Not Absolute' [MAINICHI SHIMBUN 24 Aug] .....	3
Importance of Planned Clinton Trip Discussed [KYODO] .....	4
Official Discusses APEC Osaka Conference [YOMIURI SHIMBUN 23 Aug] .....	4
Kato Receives Message of Apology From DPRK [SANKEI SHIMBUN 22 Aug] .....	5
SDF, PRC Planes Scramble Near Senkaku Islands [SANKEI SHIMBUN 24 Aug] .....	5
Yen-Dollar Exchange Rate Aimed at 100-Yen Level [NIHON KEIZAI SHIMBUN 23 Aug] ....	6
MITI: Commercial Sales Gradually Increasing [KYODO] .....	6
MITI To Help Small Firms by Enterprises Law [KYODO] .....	6
Roundtable Discusses GII Expectations, Issues [TSUSAN JANARU Jun] .....	7
Central Bank Says Key Money Supply Growing [KYODO] .....	10
Murayama Considers Panel To Discuss UN Reforms [KYODO] .....	10
Hatoyama Criticizes Trade Minister's UNSC Bid [NIHON KEIZAI SHIMBUN 23 Aug] .....	10
Hashimoto's Rebuttal [NIHON KEIZAI SHIMBUN 23 Aug] .....	10
Ministry of Finance Bureaucracy Profiled [KANKAI Aug] .....	11

##### North Korea

Commentary Denounces Ulchi Focus Lens Exercise [ <i>Pyongyang Radio</i> ] .....	22
Dailies View Ulchi Focus Lens 'War Exercise' [ <i>KCNA</i> ] .....	23
U.S. Denounced for Calling North 'Nuclear Threat' [ <i>KCNA</i> ] .....	24
South's 'War Game' in DMZ on 22 Aug Denounced [ <i>KCNA</i> ] .....	24
Pyongyang Welcomes South Korean Defector [ <i>KCNA</i> ] .....	24
Further on Defection [ <i>KCNA</i> ] .....	25
Daily Criticizes Kim Yong-sam Speech [ <i>Pyongyang Radio</i> ] .....	25
South's Call for Peace Regime Denounced [ <i>KCNA</i> ] .....	27
South Said Insulting Remains of Hong Pom-to [ <i>KCNA</i> ] .....	27
KCNA Views South Reform School Fire .....	29
Committee Urges Japan To Investigate Incident [ <i>KCNA</i> ] .....	29
Russian Envoy Hosts Liberation Day Banquet [ <i>KCNA</i> ] .....	29
Cuba News Conference Hails Anniversary [ <i>KCNA</i> ] .....	30
Nepalese Envoy, Mongolian Official Visit [ <i>KCNA</i> ] .....	30
Nepalese Party Member on Reunification [ <i>KCNA</i> ] .....	30
Indian, Malian Presidents Support People [ <i>KCNA</i> ] .....	30
Kim Yong-nam Greets Yugoslav Foreign Minister [ <i>KCNA</i> ] .....	31
Wangjaesan Music Ensemble Departs for PRC [ <i>KCNA</i> ] .....	31
Peruvian Party Views 'Immortal Chuche Idea' [ <i>KCNA</i> ] .....	31
WPK Hosts Reception for Italian Delegation [ <i>KCNA</i> ] .....	31
Foreign Party Leaders Support People's 'Cause' [ <i>KCNA</i> ] .....	31
Foreign Party Leaders Greet Kim Chong-il [ <i>KCNA</i> ] .....	32
Foreign Visitors Visit Kumsusan Memorial Palace [ <i>KCNA</i> ] .....	32
Foreign Papers Carry Kim Chong-il's Work [ <i>KCNA</i> ] .....	32
Daily Views 'Following' Kim Chong-il's Traits [ <i>KCNA</i> ] .....	33
Party Functionaries Move to Farms [ <i>Pyongyang Radio</i> ] .....	33
Group Team Members Construct Methane Gas Plant [ <i>Pyongyang Radio</i> ] .....	34
Excursion Team of Soldiers Departs for Mt Paektu [ <i>KCNA</i> ] .....	34
Factory Manufactures New Efficient Loaders [ <i>KCNA</i> ] .....	34
Heating Methods To Help Save Electricity Viewed [ <i>Pyongyang Radio</i> ] .....	35
South Hwanghae Power Stations Increase Output [ <i>Pyongyang Radio</i> ] .....	35
Plastic Necessities Plant on Output Increase [ <i>Pyongyang TV</i> ] .....	35

## South Korea



Daily Interviews U.S. Ambassador Laney [CHUNGANG ILBO 24 Aug]	35
U.S. Involvement in Nuclear Safeguards Sought [THE KOREA HERALD 24 Aug]	37
South May Change North Policy-Making System [TONG-A ILBO 21 Aug]	37
China Promises Description of Probe Outcome [YONHAP]	38
Pact on Consular Affairs Signed With PRC [YONHAP]	38
Economic, Political Ties With PRC Viewed [THE KOREA HERALD 24 Aug]	38
DLP Chairman, Vice Speaker Comment on Unity [YONHAP]	40
President Names New BOK Governor [YONHAP]	40
New DLP Official Views Candidate Selection [YONHAP]	40
DLP Urges Presidential Reelection System [YONHAP]	41
DP To Inaugurate Temporary Cochairmen System [YONHAP]	41
Police To Arrest Three Pusan Bank Officials [YONHAP]	41
Campaign To Oppose Kwangju Ruling Intensified [HANGYORE SINMUN 24 Aug]	42
Ministry Announces Plans for International City [YONHAP]	42
Contingency Plan for Unified Economy Drafted [THE KOREA TIMES 24 Aug]	43
Economy Grows 9.6 Percent in 2d Quarter [YONHAP]	44
Government on Environment-Friendly Industry [THE KOREA TIMES 24 Aug]	44
Regions Urged To Develop 'Suitable' Industries [SISA JOURNAL 13 Jul]	45
Large Firms Offering 'Tamul Education' Programs [HANGYORE 21 20 Jul]	47

## SOUTHEAST ASIA

### Brunei, Malaysia & Singapore

#### Malaysia

Prime Minister Interviewed, Discusses Values [Hamburg DER SPIEGEL 21 Aug]	50
Kenyan President Arrives on 4-Day Official Visit	53
Welcomed by King, Premier [Kuala Lumpur TV]	53
Discusses Bosnia, UN Reform [THE STAR 16 Aug]	53
Signs Agreements [Kuala Lumpur TV]	54
Premier Departs on Visit to RSA, Namibia [Kuala Lumpur TV]	54
Sabah Deports Over 4,800 Illegal Immigrants [THE STAR 18 Aug]	54

#### Singapore

Herald Tribune Ordered To Pay Libel Damages [THE STRAITS TIMES 23 Aug]	55
Paper Details '2d Wave' of Investment in Cambodia [BUSINESS TIMES 21 Aug]	55
Diplomatic Relations Established With Belize [Singapore Radio]	56

#### Cambodia

Prime Ministers Press Charges Against Publisher [AFP]	56
Japanese Foreign Minister Arrives on Visit	56
To Aid Development Effort [KYODO]	56
Minister 'Excited' About Aid [KYODO]	57

#### Indonesia

Croatian, Serbian, Bosnian Presidents To Meet [AFP]	58
Antinuclear Group Protests at PRC Embassy [ANTARA]	58
Ministry Protests Flag Burning in New Zealand [Melbourne International]	59



Foreign Minister Reaffirms Ties With Australia .....	59
Flag Burning Not 'Devastating' [Jakarta Radio] .....	59
Military Exercises To Continue [Jakarta Radio] .....	59
E. Timor Rebels Express Concern About Leaders [AFP] .....	59
Editorial Stresses Will To Combat Corruption [SUARA PEMBARUAN 23 Aug] .....	60

## Philippines

PRC Plans Naval Exercises in Spratly Islands .....	61
Defense Minister Cited [AFP] .....	61
Ramos Seeks Details [Melbourne International] .....	61
Ramos Returns From Australia, New Zealand Visit [Melbourne International] .....	61
Malaysia Agrees on Joint Sea Border Patrols [MANILA BULLETIN 21 Aug] .....	61

## Thailand

Japanese Foreign Minister Arrives for Talks [Bangkok Radio] .....	62
Received by Prime Minister [Bangkok TV] .....	62
Support Pledged for Japan's UN Bid [THE NATION 23 Aug] .....	62
Japan Reacts 'Coolly' to Road Project [THE NATION 24 Aug] .....	63
Delays Said Threatening WTO Reforms .....	63
Politics Blamed [BUSINESS DAY 24 Aug] .....	63
Paper Stresses Commitment to WTO [BUSINESS DAY 24 Aug] .....	63
WTO Agriculture Body To Meet on Import Quotas [BANGKOK POST 23 Aug] .....	64
Central Bank Raises Projected Account Deficit [THE NATION 24 Aug] .....	65
Budget Proposals for 1996 Receive Approval [THE NATION 23 Aug] .....	65
Former Minister Warns About 'Rising Inflation' [THE NATION 21 Aug] .....	66
Cabinet Approves Intellectual Property Court [BANGKOK POST 23 Aug] .....	67
Authorities Agree to Cambodian Border Request [BANGKOK POST 24 Aug] .....	67
Commentary Urges Action To Deal With Hopewell [THE NATION 24 Aug] .....	67
Mon Leader Departs for Talks in Rangoon [THE NATION 24 Aug] .....	68
Narcotics Warlord Khun Sa Seeking 'Retirement' [BANGKOK POST 23 Aug] .....	69

## Vietnam

Home Affairs Commission Delegation Visits PRC [VNA] .....	70
Lieutenant General Defines Armed Forces' Role [Hanoi Radio] .....	70
Defense Force Hosts Event for Former Fighters [Hanoi Radio] .....	72
Public Opinion Sought on Nuclear Plant Plan [VIETNAM INVESTMENT REVIEW 31 Jul-6 Aug] .....	72
Vice State President Examines 1995 Amnesty [VNA] .....	73
Economic Police Deal With Corruption Cases [Hanoi Radio] .....	73
Export Processing Zones Face Building Problems [VIETNAM INVESTMENT REVIEW 6 Aug] .....	73

## AUSTRALASIA

### Australia

PRC Denies Citizens Visas for Women's Meeting [Melbourne International] .....	74
Further on Visit of Philippines President Ramos .....	74
Addresses Darwin Assembly [Melbourne International] .....	74
Joint Project To Train Police [Melbourne International] .....	74
Sino-Vietnamese Boat People Returned to PRC [Melbourne International] .....	74

### Cook Islands

Diplomatic Ties Established With Portugal [Melbourne International] .....	74
---------------------------------------------------------------------------	----



## Japan

### Reportage on Auto, Auto Parts Accord With U.S.

#### Officials 'Privately Fume'

OW2308161995 Tokyo KYODO in English  
1509 GMT 23 Aug 95

[FBIS Transcribed Text] Before the ink was dry on the Japan-U.S. car deal signed Wednesday [23 August] in Washington, Tokyo was disputing the U.S. spin on the accord, signaling that both sides will continue to argue over the meaning of the accord that supposedly ended two years of trade spats.

The U.S. continues to spell out its expectations for increased sales of foreign cars in Japan and foreign parts by Japanese carmakers, to note that it will monitor those purchases and to say it bound Japan to "enforceable commitments" to opening a closed car market and breaking an exclusionary distribution system.

Japan stresses that it did not knuckle under to "numerical targets" and that it maintained the principles of free trade, while blasting the U.S. labeling of its market as closed and Washington's free use of its own estimates for future sales.

Under the accord, the two nations aim at "achieving significantly expanded sales opportunities to result in a significant expansion of purchases of foreign parts by Japanese firms in Japan and through their transplants, as well as removing problems which affect market access and encouraging imports of foreign autos and auto parts in Japan."

In releasing the 28-page text of the accord, the Ministry of International Trade and Industry (MITI) also issued a 15-page, point-by-point rebuttal of a 13-page statement issued last week about the accord by the Office of the U.S. Trade Representative.

MITI officials privately fume that the U.S. summary, which said Japan agreed to "an unprecedented, enforceable set of commitments" to open its car and parts market, was an attempt by Washington to give its domestic audience the impression of U.S. leadership in reaching the auto agreement.

To say Japan is bound by enforceable commitments is "an exaggerated expression based on a unilateral U.S. understanding and is inappropriate," MITI says.

The two countries agreed on such "objective criteria" as the number and value of foreign cars sold in Japan, the number of Japanese franchises that sell foreign cars and the number of cars they sell, the value of foreign parts imported into Japan and bought by Japanese plants

in the U.S., and the value and market share of foreign spare parts in Japan.

The U.S. says those criteria will gauge "increased access and sales of foreign automobiles" and "improved access and sales" of foreign parts. But MITI shoots back that, "It is not true that agreement was reached on objective standards to look at increases. All the quantitative criteria are to look at changes."

Japan particularly resents the U.S. injecting into the summary its own estimates of increased sales and dealerships and treating the "voluntary" parts-buying plans of Japanese carmakers as part of a "package of supporting documents" to the agreement.

Washington used the industry plans, which were issued almost simultaneously with the June 28 Geneva agreement, to compile its estimates. Japan stresses it had no part in the estimates and says the U.S. misleadingly implies that it did.

The U.S. predicts Japanese makers' purchases of U.S. parts will rise by 6.75 billion dollars in their U.S. operations and by \$2 billion in Japan by 1998, while their U.S. production will rise by 550,000 vehicles to 2.65 million vehicles.

#### 'Gist' of Auto Accord

OW2308155495 Tokyo KYODO in English  
1512 GMT 23 Aug 95

[FBIS Transcribed Text] Washington, Aug. 23 KYODO — The following is the gist of the U.S.-Japan auto agreement signed Wednesday [23 August] in Washington.

Both governments aim at:

- Significant rises of foreign parts buying by Japanese firms
- Removing market access problems
- Encouraging imports of foreign cars, parts to Japan both governments:
- Confirm steps are taken on most-favored-nation basis

Will annually review accord at least through 2000 Japan will:

- Provide import and import-promotion financing
- Deregulate certified and designated repair garages
- Create a category of special designated garages
- Allow minor car modifications without inspection

Tell parts distributors not to discriminate the U.S. will:

- Provide appropriate support for car exports



- Support U.S. makers' efforts to be more competitive

Quantitative criteria will monitor changes in:

- Number, value of foreign cars sold in Japan
- Number of foreign maker-Japanese dealer franchises
- Number of cars sold by such franchises
- Value of foreign parts imported to Japan by various data
- Extent of localization of Japanese operations in U.S.
- Purchases of U.S. parts by Japanese makers' U.S. operations
- Value and share of foreign spare parts in Japan
- Number of Japan's specialized certified, designated garages

#### **'Details' of Accord**

OW2308161095 Tokyo KYODO in English  
1525 GMT 23 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 23 KYODO — The following are details of Japan-U.S. auto and auto part trade agreement, released by the Foreign Ministry on Wednesday [23 August].

#### **I. Details of the Successful Conclusion to the Japan-United States Autos and Auto Parts Consultations**

The Japan-United States autos and auto parts consultations were successfully concluded with: (1) the conclusion of the consultations held under the Japan-United States Framework Talks (measures by the Government of Japan (GOJ) and the Government of the United States of America (USG) regarding autos and auto parts), and (2) joint announcements regarding the three categories of consultations held outside of the framework talks. As for (1) above, principle agreement was reached as of 28 June and, as a result of the consultations thereafter aiming toward the finalization of draft documents between Japan and the United States, on the morning of 23 August (eastern standard time), the final documents are to be signed and exchanged between Ambassador to the United States Takakazu Kuriyama, representing the GOJ, and United States Trade Representative Mickey Kantor and Secretary of Commerce Ronald Brown, representing the USG, thereby bringing these consultations to successful and final conclusion.

#### **II. Details of the Final Documents Under the Framework Talks (Reaffirmation of the Basic Principles of the Framework Talks, Including the**

#### **Principles of Most-Favored Nation Treatment and Exclusion of Numerical Targets)**

1. Measures to encourage imports and to facilitate market access for foreign vehicles

a) Support from and issuance of notifications by the GOJ related to announcements from relevant business organizations regarding all the dealers' freedom to sell competing motor vehicles

b) Designation of contact persons in the GOJ and USG (both governments are also pleased to note that companies of both countries selected contact persons as well.)

c) Financial support by the GOJ to Japan External Trade Organization (JETRO) for exhibitions of foreign vehicles, and financial incentives and other facilitation measures by the GOJ for import promotion activities

d) Support by the USG for efforts made by U.S. companies to expand exports to Japan and enhance their competitiveness

2. Measures to expand opportunities for purchasing auto parts

a) Support by the GOJ for activities undertaken by Japanese auto manufacturers to promote relations with auto parts suppliers

b) Financial support by the GOJ to JETRO for exhibitions of foreign auto parts, and financial incentives and other facilitation measures by the GOJ for import promotion activities

c) Support by the USG for efforts made by U.S. auto parts suppliers to expand exports to Japan and enhance their competitiveness

3. Measures by the GOJ on auto-related regulations

a) Deregulatory measures regarding disassembling repair requirements (critical parts requirements)

b) Deregulatory measures regarding the certification and designation of repair garages including the establishment of a certification system for specialized service and repair facilities, and measures to increase the number of independent repair garages

c) Deregulatory measures related to modification inspection requirements

d) Implementation of a campaign to provide notifications of regulatory changes and to ensure non-discriminatory treatment of foreign auto parts

e) Measures with a view to promoting further imports of foreign-made replacement parts, including support for



creation of an information network on foreign replacement parts, and for the establishment of permanent contact points for auto parts distributors

4. Assessing implementation of measures and objective criteria

a) An assessment will be made on the efforts made by both the GOJ and USG through qualitative and quantitative criteria regarding implementation of these measures and progress achieved thereby. With this in mind, bilateral consultations will be held annually. However, objective criteria do not include numerical targets. (Note: Assessments focus on implementation of these measures and progress achieved thereby, and will never be used to verify unilateral estimates and forecasts made by the United States.)

b) Examples of objective criteria

- change in the number and value of new foreign vehicles sold
- change in the value of imports of foreign auto parts
- efforts made by foreign suppliers to increase competitiveness

III. Details of the Successful Conclusion of Consultations Held Outside of the Framework Talks

1. Two joint announcements regarding dealerships

a) First joint announcement: the GOJ and USG are pleased to note that the U.S. auto sector has announced that it will make efforts to expand the presence in the Japanese market of their products, while the Japan Automobile Dealers' Association (JADA) has announced that it will conduct a survey to identify dealers interested in handling foreign motor vehicles.

b) Second joint announcement: The USG is forecasting a certain specific increase in retail outlets of U.S. auto manufacturers on the other hand, the GOJ clearly expresses that such a forecast goes beyond the scope of government responsibility, that the GOJ has no involvement whatsoever in such a forecast, and thus such a forecast is made only by the USG.

2. Two joint announcements regarding autos and auto parts

a) First joint announcement: The GOJ and USG welcome announcements of voluntary plans by Japanese auto manufacturers targeting the entire world, which consists of efforts to increase overseas production, ensure localized procurement of parts, increase of competitive foreign auto parts, and ensure transparency in procurement procedures, and the both governments are pleased to note that U.S. auto manufacturers have expressed their plans and intent to expand their presence

in the Japanese market by offering competitive products and service. At the same time, both governments clearly state that the plans announced by both Japanese and U.S. auto firms are not commitments, and are not subject to any trade remedy laws. Furthermore, the GOJ and USG express that the realization of these plans may be affected by changes in market conditions, and that these measures are outside of the framework talks.

b) Second joint announcement: Based on oil voluntary plans of individual corporations, the United States Trade Representative estimates purchase volume of U.S. parts and production volume of U.S. autos. On the other hand, the GOJ unequivocally states that such a calculation goes beyond the scope of government responsibility, that the GOJ has no involvement whatsoever in such estimates, and thus those estimates are made only by the USG.

3. Joint press statement on competition policy

a) Minister of International Trade and Industry Ryutaro Hashimoto and United States Trade Representative Mickey Kantor shared the view that strong competition policy and enforcement to ensure fair market access are important. Minister Hashimoto confirmed the intention of the GOJ to pursue strengthening of the Japan Fair Trade Commission (FTC), in terms of its organization and staff resources, subject to, as appropriate, the approval of the Japanese Diet.

Objective Criteria 'Not Absolute'

OW2408111895 Tokyo MAINICHI SHIMBUN  
in Japanese 24 Aug 95 Morning Edition p 11

[From MAINICHI SHIMBUN 24 August Morning Edition]

[FBIS Translated Text] As a measure to gauge the progress of the market's opening, incorporated into the Japan-U.S. auto agreement are 17 objective criteria items, such as the amount of sales of foreign-made cars on the Japanese market. The Ministry of International Trade and Industry [MITI] maintains: "It is clearly stated in the agreement document that the criteria is included as a target for improving the situation and increasing sales, but not as a measure for assessment." In this way, MITI stresses that this agreement is different from the Japan-U.S. semiconductor agreement, in which it is stipulated that the numerical target of "over 20 percent market share by the foreign-made semiconductors should be achieved." However, it is obvious that the United States demands "improvements and increases." In this connection, annual assessment meetings scheduled to begin in 1996 will probably become the focal point in clarifying whether or not



Japan will be capable of checking the market opening pressure imposed by the United States, which has persistently demanded numerical targets and shifting negotiations to more constructive discussions.

Among the objective criteria, the point at issue is likely to be how to handle seven of the quantitative criteria items, which are based on statistics. MITI maintains: "The objective criteria are not absolute ones. In other words, it does not mean that if there is retrogression in even one numerical figure, it will be taken as a violation of the agreement. An assessment should be made on the basis of a comprehensive consideration of all 17 items." However, in the "draft agreement document" released in the United States on 15 August, the U.S. Government used such expressions as "measuring the increase" and "assessing the improvement," thereby hoping to shift the meaning of the objective criteria to that of targets.

In expressing his displeasure, a senior MITI official stated: "These expressions are not included in the official document. And the United States does not seem to understand that if it should be taken as a political issue, no settlement can be worked out." However, right before the signing of the agreement, it once again became evident that the U.S. intention is different from that of Japan. And it seems impossible to eliminate concerns over the possibility that this may have a delicate impact on future assessments.

#### **Importance of Planned Clinton Trip Discussed**

*OW2408074795 Tokyo KYODO in English  
0730 GMT 24 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — Senior Japanese and U.S. diplomats agreed Thursday [24 August] that the planned visit to Japan by U.S. President Bill Clinton in November will be a good opportunity to boost public awareness of the continued importance of Japan-U.S. security ties in the post-Cold War era, Foreign Ministry officials said.

U.S. Undersecretary of State Peter Tarnoff and Deputy Foreign Minister Shunji Yanai confirmed the importance of the bilateral security arrangement during two hours of talks at the ministry, the officials said.

Tarnoff and Yanai also agreed that the two countries should work to achieve an accord on a new treaty defining Japan's financial support for U.S. bases in Japan when foreign and defense ministers of both countries meet for the so-called "two-plus-two" meeting in New York in September, they said.

Under the bilateral pact, Japan subsidizes U.S. bases in Japan by paying the salaries of Japanese workers at the bases and expenses for utilities.

The pact is to expire in March 1996 and Washington has been looking for a new pact that would pave the way for Japan to shoulder more of the cost of running the bases.

Clinton is scheduled to make a state visit to Tokyo when he comes to Japan for the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November.

Tarnoff and Yanai also shared the view that the atmosphere surrounding Japan-U.S. ties is "good," with the two countries successfully solving auto and aviation disputes, and that the two countries should continue to promote cooperative relations.

#### **Official Discusses APEC Osaka Conference**

*OW2408004195 Tokyo YOMIURI SHIMBUN  
in Japanese 23 Aug 95 Morning Edition p 6*

[FBIS Translated Text] Deputy Foreign Minister Kazuo Ogura, who is in charge of handling Japan's economic diplomacy, granted an interview to the YOMIURI SHIMBUN on 22 August. In it, Ogura indicated that not only the liberalization of trade and investment, but also the issue of economic cooperation and energy in the region should be put on the agenda of the conference of the Asia-Pacific Economic Cooperation (APEC) forum scheduled for November in Osaka.

An action guideline will be set at the APEC Osaka conference and attention is now focusing on the extent to which Japan will concede on the issue of agricultural liberalization.

Ogura pointed to the need to consider environmental and social problems in the region when liberalizing agriculture.

He said: "My personal view is that the liberalization of agriculture must not be treated as an exception."

In the interview, he said APEC should grapple with the more important issue of how Asia should secure an adequate food supply without destroying environment, and the issue of how Asia should secure its energy supplies as its dependence on Middle East sources continues to grow.

Noting the inevitability of economic development as a prerequisite for the liberalization of trade and investment, he pointed to the importance of economic and technological cooperation between industrialized nations and developing countries in the region. He also said Japan should play a leading role in such cooperation.



**Kato Receives Message of Apology From DPRK**

OW2408001495 Tokyo SANKEI SHIMBUN  
in Japanese 22 Aug 95 Morning Edition p 1

[FBIS Translated Text] It was learned on 21 August that a message of apology has been received from the DPRK (North Korea) in response to a letter of complaint sent there by Koichi Kato, chairman of the Liberal Democratic Party [LDP] Policy Research Council, in regard to a controversial remark reportedly made by Kim Yong-sun, secretary of the Workers' Party of Korea, that "Japan is sending us rice to express its apology." On 2 August, Yi Chong-hyok, vice chairman of the Korean Asia-Pacific Peace Committee, faxed messages to former LDP Vice President Michio Watanabe, who headed the delegation of members from ruling coalition parties that last visited North Korea, and Kato indicated that North Korea wanted to promptly hold a working-level meeting in Beijing to conduct discussions on additional emergency rice supplies from Japan.

Although ruling coalition party officials decided to ask the government to begin the working-level meetings, they learned about Kim's remarks that were carried in a ROK journal through reports by SANKEI SHIMBUN and by other means. Kato subsequently sent a letter to Yi on 4 August asking for confirmation of the matter.

In his letter, Kato stressed and asked for clarification on the following points: 1) that confirmation be made that Japanese rice aid was made at the request of North Korea; 2) that there will be no further progress in bilateral dealings unless North Korea clearly expresses gratitude for Japanese aid; and 3) that members of the ruling coalition parties' delegation that recently visited North Korea are in an awkward position at home.

In response, Yi faxed a message on 10 August, explaining that "Korean International Trade Promotion Committee President Yi Song-rok submitted a request to ruling coalition party officials." In this way, Yi made it clear that Japanese rice aid was made at the request of North Korea.

Also, for the first time, an expression of apology was included in the message, a passage of which read: "We would like to express our deepest appreciation to the concerned members of Japan's ruling coalition parties."

Commenting on the contents of the message, Kato said: "That is sufficient." However, because the message fails to make any references to Kim's controversial remarks, which is the main point of issue, ruling coalition party whips decided at their meeting on 21 August to request further explanation from North Korea.

**SDF, PRC Planes Scramble Near Senkaku Islands**

OW2408045295 Tokyo SANKEI SHIMBUN  
in Japanese 24 Aug 95 Morning Edition p 1

[By correspondent Yoshihisa Komori]

[FBIS Translated Text] Washington, 23 Aug — Informed Japanese and U.S. sources familiar with Japan's security issues, said on 23 August that Chinese forces' fighter planes flew extraordinarily close to airspace over the Senkaku Islands, and the Japanese Self-Defense Forces' [SDF] planes scrambled (emergency takeoff for interception), fearing the Chinese planes intended to violate Japan's airspace.

It is known to be extremely rare for the SDF in its long history to launch a scramble against the planes of Chinese forces.

Such Chinese action, coming on top of the recent military buildup, suggests its air force could be an immediate threat to Japan, and also shows how the country is reinforcing its military operations around Taiwan.

The informed Japanese and U.S. sources said that on 23 August what appeared to be Chinese forces' Sukhoi 27 fighter planes came extraordinarily close to the airspace over the Senkaku Islands, and that since there appeared to be a real possibility they would violate Japanese airspace, the Air SDF decided to call for an emergency scramble. Two of the SDF's F15 fighter planes prepared for interception, and then warned the Chinese planes to withdraw. Shortly after this the Chinese planes flew away.

There have been instances in the past, during the Cold War, of the SDF launching scramble operations against Soviet military aircraft that threatened to violate Japan's airspace. It is, though, very rare for such operations to be conducted against Chinese military aircraft. The U.S. military forces are also greatly concerned about such provocative action by the Chinese forces.

China has continued to build up its military power over the last few years, even though the military threat of the Soviet Union, which was China's major potential enemy, has decidedly diminished.

Over the past couple of years the country has conducted repeated military exercises on the assumption that Taiwan is its enemy. The fact that its military operations came dangerously close to airspace over the Senkaku Islands northeast of Taiwan can be interpreted as an extension of such military exercises against Taiwan. However, because the provocative move involved the Senkaku Islands, over which the Chinese Government



claims territorial rights, the action can be also interpreted as a demonstration to Japan of its claim to the islands.

U.S. sources following the current Chinese military exercise said: "It is possible to think it intended to send a message to Japan as well, but as the country increases its military exercises against Taiwan, the chances of Chinese military planes flying close to the Senkaku Islands will grow, and the possibilities of them violating Japanese airspace will also grow."

The Sukhoi 27's, which appear to have been involved in the Senkaku Islands incident, have an operational radius of 1,500 km. They could easily be operationally mobilized to reach the islands from bases on the Chinese mainland.

#### **Yen-Dollar Exchange Rate Aimed at 100-Yen Level**

*OW2408011495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Aug 95 Morning Edition p 3*

[FBIS Translated Text] The government and the Bank of Japan are saying the current yen-dollar exchange rate of 96.98 yen per dollar that "we have considerably achieved the goal of depreciating the yen." But the government and the central bank are pointing out that an agreement on an "orderly reversal of the dollar" that was reached among finance ministers and central bank governors from the seven industrial nations at talks in April, is continuing, (according a senior Finance Ministry official). The government and the Bank of Japan plan to stabilize the yen-dollar exchange rate at 100 yen to the dollar for the time being. They also plan to call upon currency authorities in the United States and Germany to participate in another coordinated intervention in foreign exchange markets to buy the dollar at an appropriate time.

The government and the Bank of Japan want further depreciation of the yen against the dollar after concluding that the current yen-dollar exchange rate is unlikely to immediately remove the lingering uncertainty about the future of economy. The government and the Bank of Japan judge it is necessary to further depreciate the yen against the dollar to boost business enthusiasm. A source at the Bank of Japan says the government and the central bank want to make ensure the trend toward the depreciation of the yen because of lingering signs that another sharp appreciation of the yen may be sparked.

Japanese currency authorities say: "The United States and Germany have their respective domestic situations. But they will go along with Japan's call for another coordinated intervention in the foreign exchange markets to buy the dollar at an appropriate opportunity."

#### **MITI: Commercial Sales Gradually Increasing**

*OW2408085995 Tokyo KYODO in English 0813 GMT 24 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — Sales by Japan's commercial enterprises rose 1.4 percent for the three months through June from the same period a year before in the fourth straight quarterly increase, the Ministry of International Trade and Industry said Thursday [24 August].

The rise to 161.08 trillion yen shows that "commercial sales are continuing a gradual recovery," the ministry said in a quarterly report.

Sales by wholesalers rose 1.8 percent for the quarter, the fourth straight gain, to 128.05 trillion yen, helped by signs that capital spending is generally picking up and gains in such product materials as steel and integrated circuits and other electronics parts, the report said.

But large-scale wholesalers, including trading houses, saw their sales dip 0.1 percent in a third straight decline to 30.80 trillion yen, it said.

Sales by retailers edged down 0.1 percent, their third straight small decline, to 33.03 trillion yen. Replacement demand helped cars and other durable goods, but poor weather hurt sales of seasonal items, especially clothing, and consumers continued to hunt for low-priced items, the ministry said.

#### **MITI To Help Small Firms by Enterprises Law**

*OW2408111595 Tokyo KYODO in English 1044 GMT 24 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — The Ministry of International Trade and Industry (MITI) wants to fight a "hollowing out" of smaller firms by extending and enhancing a law that helps them develop new technologies, officials said Thursday [24 August].

The ministry plans to draft a revised law, for submission to next month's extraordinary Diet session, to extend the new enterprises law by about 10 years and quadruple the capital in its aid fund to target more businesses, they said.

Before the 1989 law expires in May, MITI wants to supplant it with the revised version that will expand the capital in its industrial base preparation fund to some 100 billion yen from the current 27 billion yen, the officials said.

The increase would be funded from both the second supplementary budget for this fiscal year, to be compiled this fall, and the initial budget for fiscal 1996 starting in April, they said.



The law has helped small and midsize companies, through aid for warrant bond issuance and other funding. They have developed such technologies as CD-ROM equipment to play electronic musical instruments automatically and a device using artificial intelligence for automatic photo color analysis.

The law revision is meant to complement existing measures, helping companies between those in the initial development phases, which are targeted by an April MITI-written law, and more developed companies that can raise money on the second over-the-counter stock market launched late last month, said an official in the industrial finance division of MITI's Industrial Policy Bureau.

#### **Roundtable Discusses GII Expectations, Issues**

952A0616A Tokyo TSUSAN JANARU in Japanese  
Jun 19 95 pp 8-13

[Discussion by Hiroshi Inose, director, Science Information Center; Kenichi Imai, director of the Japan Center, Stanford University; Tadashi Sekizawa, president, Fujitsu; Osamu Watanabe, director general MIIB, MITI]

[FBIS Translated Text]

#### **Japan, United States, Europe To Work Together on Problems**

[Osamu Watanabe, director general, Machinery and Information Industries Bureau (MIIB), Ministry of International Trade and Industry (MITI)] Mr. Inose, you recently attended a cabinet-level information conference, representing the private citizen. You were also the lead speaker for the business representatives' roundtable. What were your impressions of this conference?

[Hiroshi Inose, director, Science Information Center] This was the first time that telecommunications ministers of the G-7 [group of seven major industrial nations] came together under a single roof for what might be called an information summit. This was a sign, in itself, I think, of how important an information and communications infrastructure is. The United States, Japan, and the European Union countries all seemed to be very positive at the conference about the GII [global information infrastructure] concept. Before, there might have been some Europeans who would have wanted to talk about being victims of a "double shock," saying Japan and the United States make the computers and have Europeans buy them; the trade imbalance grows, and as a result, these computers become labor-saving devices, producing automation and increasing unemployment. That wasn't the case this time. The discussions were constructive and forward-looking.

Over against the U.S. claim that, with a steady easing of regulations, markets would be able to create telecommunications infrastructures and new industries, some of the European countries argued that getting rid of regulations alone wasn't the solution. Instead, they claimed, it would be necessary to think about a new regulatory framework. This was one point, in particular, where they felt governments should take the leadership.

The industrialists' conference, which we attended, was made up of people living in the real world. If regulations are done away with and everything is left to the market, ultimately there would be no need for government.'—No one took this track since they knew where it would lead. Of course, it is better to have less restrictive regulations than we now have, but this is an area, after all, where it is important for governments to take the leadership. As the authors of the report of the Advanced Information and Telecommunication Society Promotion Headquarters said, we have to have the private sector try as much as possible to do what it can; but first of all, the lead in making investments has to come firmly from the government. Without the government taking on this role and acting as the engine, pulling along private demand, the private sector, on the strength of deregulation alone, can not do the job by itself. Here, too, I think, the discussions were very reasonable.

One point I emphasized at the conference was this: as the information and communications infrastructure broadens its reach and everyone who wants to become a user and provider of information, then they must be responsible for the contents of the information they provide. Rules, a code of ethics of some kind must be established. Otherwise, the world will lack transparency. This is one of the points that has to be addressed and debated after this.

#### **Creating the Framework for a New World Order**

[Watanabe] Mr. Imai, what are your thoughts on the GII conference?

[Kenichi Imai, director of the Japan Center, Stanford University] In our present market economy, problems can no longer be resolved by merely acting on the basis of indicators like prices. When changes occur as rapidly as they are occurring, everyone makes mistakes in judgment, and an information mechanism—something that will move us in a desirable direction while correcting those errors—will be created as societies interact. What supports this process is GII and domestic information systems. It is good that the United States is showing leadership here, and I think Japan, too, should contribute constructively.



At the recent GII conference, I think it was very important that a general agreement was reached on the question of standardization; namely, that the different countries would jointly tackle the problem of standardization, keeping critical interfaces open, and then, after that, be allowed to go their respective ways. In other words, participants were no longer talking about leaving it to the specialists just because the discussion had turned to the topic of standardization. With this, the way has been paved to set the world in motion. That level of awareness—that they are creating a global framework—is a must for governments if they intend to create high-level, advanced market economies. Say 'standardization' and, before, you were talking about technology and communications specialists, but not any longer. It is painfully clear that you have to be prepared to tackle the problem with no less than the determination to create a General Staff Office with everything, including a foreign relations strategy.

This time, Japan, too, has become a director-nation, and will carry out a pilot project for digital libraries and networks for small- and medium-size enterprises. Digital libraries, I think, are crucially important as far as Japan's being able to send electronic information all over the world. This is by no means to say the project should be left to library specialists. It is a job in which the entire country should get involved.

[Tadashi Sekizawa, president, Fujitsu Corp.] The second 'i' in GII stands for 'infrastructure'. Truly, the conditions for this infrastructure are about to be realized globally. It is something everyone finds he or she can use and should be something everyone is, in fact, able to use. When this infrastructure is built, it would be unfortunate to see the United States using it as if it had a preeminent claim and trying to dominate the world. This is what Europe is most worried about, and I think Japan should also make its views on this point known. While working toward a new way to disseminate information, each one continues to live within his own culture and with his own independent identity. Ideally, this is the way to proceed with GII.

A global telephone infrastructure already exists. By just dialing "0" we can make an international call from anywhere in the world. We now have what forty or fifty years ago would have been unimaginable. If we can develop what can be called a high-speed information infrastructure, transmitting even images, it is something that people all over the world ought to be able to use. One country should not control it.

The digital information library that Mr. Imai talked about earlier—that, too, is something I think should definitely be undertaken. Libraries, as we know them,

are vast collections of information in printed form. To create a digital database for all that information would take a tremendous amount of time and money. But it won't do to delay. As time passes, there will be more digital information with which to contend, and along with that growth, higher costs. So this is something we should begin working on as soon as possible.

[Watanabe] Some important results came out of the GII conference, among them an agreement to undertake eleven joint projects, including projects aimed at electronic commerce and creating electronic libraries. Another important result was building a consensus with regard to international cooperation on solving policy issues having to do with intellectual property rights and ensuring mutual operability. For our part, we would like to see a serious follow-up at opportunities like the Halifax summit.

#### Toward Age of Information Mechanism

[Watanabe] Considering industry, society, and the household as three areas in which "informationalization," *johoka*, [i.e., the creation of an advanced info-communications society] should be promoted, the Informationalization Subcommittee of the Industrial Structure Council's Information Industry Committee, choosing industry as its first focus because developments in this field would have a ripple effect on the other two areas, announced last March a project aimed at advancing the use in industry of high-level information technology. Mr. Imai, I would like to hear your thoughts on this project.

[Imai] The basic focus of the project is on creating a platform for industrial use. Until now, the priority has been to link users to providers. By standardizing and codifying the rules a little more, users and providers can be brought together more smoothly. Microsoft's operating system has led the world. But when it comes to an industrial platform, or an educational platform, or a health care platform, then culture comes into play. So, the platforms for Japan are made in Japan and, later, it is possible they will be used in other parts of Asia. The question of how to create these platforms, I think, will become an important point as far as the reengineering of Japan's industries is concerned.

Until now informationalization has been proceeding in firms on an individual basis. But we can seamlessly link industry if efforts are stepped up across the board rather than just locally. Specifically, it means using something like a Japanese version of CALS [computer-aided acquisition and logistics support]. Market economies have already become a broad reality, and as people interact to exchange information, a new order emerges. The times



require some such order—what might be called a new, Adam Smith information order—and everyone is looking to find what it might be. It will be a period in our history when everything from government to economic and cultural activities is moved along through a single information mechanism.

[Watanabe] A so-called shift from the price mechanism to an information mechanism...

[Sekizawa] Of course, CALS is very important for the industrial side of this. But rather than just being linked through networks to our trading partners, I think what will be needed when Japan undertakes its trial model is to make it global if possible. Unlike an electronic library, whose value is limited to Japan, it would be a mistake to design a network for industrial use as a closed-system, good only in Japan.

[Watanabe] The Basic Problems Subcommittee has disclosed its basic thoughts on software policy. It's said Japan is weak in the software area. What do you think?

[Imai] After a lot of thought, I have begun wondering whether the Japanese language doesn't play a very critical role. With all its peculiarities, I would think that the Japanese language becomes an obstacle to designing software if it is going to be used around the world.

[Sekizawa] That is an interesting point. Software is often said to need individuals with creativity and originality. Take, for example, a database that is easy to use and has a good retrieval system and lets people load all sorts of things onto it. That sort of database is created by a limited number of people—sometimes, by one person alone. Inventions come about when someone thinks, how will I be able to do this thing I want to do? What do I need in order to do it? It is terribly important to lay the foundations and nurture the creativity of individuals. It will take a lot of hard work and the kind of determination it would take if one set himself the goal of dominating the software world by 2010.

[Watanabe] The information industry's value added will be concentrated on software. For Japan's future development, an important point is revitalizing its software industry. I would hope that, as a nation, we will do what we should in this regard, tackling the problem with all our energy.

[Imai] Speaking of software, I think it may be very important to teach things like C [programming] language, but even more important, I feel, is teaching people how to use it in compiling the software that is found all over the world and teaching them to use [database management systems like] the Oracle. And as part of that education, they should be taught to use information tech-

nology. GII will truly be the foundation for that sort of education.

However, because of the yen's appreciation, plans to ease regulations, create new industries, and bring the economy to a soft landing are running into obstacles. We will have to be prepared for a hard landing and take a good hard look at reality when we start talking about informationalization. Although there has been a lot of talk—about creating new industries, etc.—these are long-range goals. First, what we must do is tackle those problems that can and should be worked on immediately—like designing an information system to address earthquake disasters.

[Watanabe] The package of emergency economic measures recently passed in response to the high yen included budgetary measures, including deficit-financing bonds, giving epoch-making importance to the fields of information and communications and science and technology. In the first supplementary budget for fiscal 1995, I think there will be many new ideas, not only from MITI, of course, but from all the other various ministries and agencies.

[Inose] In the end, what is very important with regard to creating an information infrastructure is that it is open to everyone. A broad, inclusive perspective is important—the kind that tells us that if every citizen can benefit from it, it will stimulate the economy and the government will get more revenue. This openness has not necessarily been applied in the case of information infrastructures. Even in a country like the United States, there is something called "acceptable user policy," which severely restricts users. It is a very outdated way of thinking. It is the kind of thinking that is associated with Japan's National Property Act, which I would certainly like to see abolished and replaced with the words "new social capital." This is not a new concept. It is the same one that has been behind public works investments and the idea that all citizens will get some benefit in return.

At the last G-7 meeting, there also seems to have been a lot of emphasis on education, traffic, health care, and the environment. In other words, the thinking, even on the supplier side, was that these were the areas where informationalization had to proceed first, and the expectation—as seems to have been shown at the G-7 meeting—was that the government would take the lead. The private sector will probably be pushing hard in these areas, but when they do, I would very much like to see the government be in the vanguard.

[Watanabe] As you said, in order for GII to become a reality, various problems have to be addressed, and I hope, toward that end, MITI will develop appropriate



policy measures in cooperation with the various ministries. The emergency economic measures that were adopted in response to the yen's appreciation will especially be a model for developing other policies after this. At the same time, it was also decided that projects planned by the various ministries, which were based on the Advanced Information and Telecommunication Society Promotion Headquarters' "Basic Guidelines on the Promotion of an Advanced Information and Telecommunications Society" (February 1995), would be front-loaded. What is shown here is the intention of the government, as a whole, to embark on bold measures in the future to create an advanced information society. I hope there will be lively debate and discussion among the Japanese citizenry as well.

Thank you for participating today.

#### **Central Bank Says Key Money Supply Growing**

*OW1808091695 Tokyo KYODO in English  
0848 GMT 18 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 18 KYODO — Japan's key measure of the money supply grew 2.9 percent in July from a year before, the Bank of Japan (BOJ) said in a preliminary report Friday [18 August].

The pace of growth in the key gauge — M2 (cash in circulation, and time and demand deposits) plus certificates of deposit — compares with a revised 3.3 percent gain in June.

The broad measure of liquidity, including postal savings, government bonds and investment trusts, climbed a preliminary 3.7 percent in July from a year earlier, compared with a preliminary 3.9 percent rise in June, the BOJ said.

#### **Murayama Considers Panel To Discuss UN Reforms**

*OW2408132795 Tokyo KYODO in English  
1303 GMT 24 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 24 KYODO — Prime Minister Tomiichi Murayama said Thursday [24 August] he is considering setting up an advisory panel to discuss Japan's proposals for UN reforms in response to a request by coalition partner New Party Sakigake.

Sakigake's acting head Shusei Tanaka renewed a call for such a panel in a meeting with Murayama.

After the meeting, Murayama said he is considering the proposal "in a positive direction."

Tanaka urged Murayama to exclude former officials of the Foreign Ministry from the panel to make it a forum for free and frank debates on the United Nations.

Sakigake, which is cautious about Japan's bid for a permanent seat on the UN Security Council, has called for establishing the panel by the end of September to draw up proposals for UN reforms.

Sakigake forms the ruling coalition with Murayama's Social Democratic Party and the Liberal Democratic Party.

#### **Hatoyama Criticizes Trade Minister's UNSC Bid**

*OW2408104295 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 23 Aug 95 Morning Edition p 2*

[FBIS Translated Text] On 22 August during a news conference, Yukio Hatoyama, New Party Sakigake [Harbinger] general secretary, criticized a statement made by Ryutaro Hashimoto, international trade and industry minister, which was in favor of Japan taking a positive position to become a permanent member of the UN Security Council [UNSC]. Hashimoto presented this statement in his package of policy proposals that he issued when he announced he was running in the Liberal Democratic Party's presidential election.

During the news conference, Hatoyama declared: "The position of strongly seeking to gain a seat in the UNSC is not part of the ruling coalition parties' agreement. (Hashimoto's proposal) deviates from the agreement."

#### **Hashimoto's Rebuttal**

*OW2408084695 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 23 Aug Evening Edition P 2*

[FBIS Translated Text] On the morning of 23 August, International Trade and Industry Minister Ryutaro Hashimoto stated that "the Liberal Democratic Party [LDP] has indicated its intention to abide by the new policy accord reached by the three ruling parties," thus rebutting concern expressed by Sakigake [Harbinger Party] Secretary General Yukio Hatoyama over Hashimoto's endorsement of Japan's bid for permanent membership on the UN Security Council [UNSC]. In response to Hashimoto advocating the bid for a permanent UNSC seat — one of his policies for the LDP presidential election — Hatoyama stated that "it deviates from the new policy accord among the three ruling parties."

Hashimoto countered: "Abiding by the three-party accord is one thing, and discussions within the party is another. If every decision has to be made within the scope of the 'accord,' we do not have to belong to different parties." He stressed that policy discussion within the LDP is a different matter from the new three-party accord. Hashimoto made the remarks in reply to reporters' questions at his Tokyo residence.



### Ministry of Finance Bureaucracy Profiled

952B0211A Tokyo KANKAI in Japanese Aug 95  
pp 66-80

[Article by KANKAI editorial staff]

[FBIS Translated Text] For the first time in two years, the Ministry of Finance (MOF) has implemented a major reshuffle of personnel below the deputy minister level, thus launching a new organization. The past two years were turbulent ones in which ironically, former Vice Minister Jiro Saito, who was known as a capable vice minister singled out as "talent seen only once in 10 years," met with attacks from the Liberal Democratic Party (LDP) because of his "capabilities" and witnessed severe criticism of the MOF as if being buffeted by the turbulent waves of the political situation.

However, contrary to such superficial movements, political and bureaucratic dynamism in a period of major change in the Japanese economy was accompanied by increasing superior momentum on the part of the bureaucracy amidst a political void, with the MOF position among them even giving the appearance of having gained in strength. A look at the Murayama coalition government's series of policy issues including tax reform, administrative and fiscal reform, and deregulation all appear to be issues in which the MOF would normally take the initiative.

If one were to consider the future of the Japanese economy, the aging of society, and concerns associated with industrial hollowing, we must say that the Japanese bureaucracy centered around the MOF is confronted with a large number and broad spectrum of issues. There is no doubt that MOF bureaucrats are hardworking. Each year witnesses the arrival of a new crop of superior human resources. Officials of the ministry claim, "The quality of new-hires continues to improve year after year."

However, in terms of the question, why does the MOF function, the basics are seldom discussed. Technical discussions prevail in the form of questions like: How shall we coordinate with politicians? How shall we guide public opinion? or How shall we prevent external friction? However, we see an absence of basic debate on issues, such as, how we shall transform Japan into a nation which enjoys genuine affluence, safety, pleasant living conditions, and overflowing vitality which can contribute to and be respected by the world.

It may be a case where such issues are discussed during drinking sessions, but are forgotten or neglected during formal sessions which are supposed to be the arenas for formulating and implementing policy.

Shinozawa, newly appointed vice minister, will have no choice but to place near-term emphasis on secondary efforts such as recovery of confidence in the MOF and the establishment of a dialogue between the MOF and politicians. The credit association issue demonstrated that even if the MOF were to perform its missions in a creditable manner, its image in the public eye would undermine its convictions and render it impotent in terms of its policy objectives. In this sense, the new vice minister's initial task will prove to be extremely critical. He must not forfeit the opportunity to act.

But, there is no need to compromise in any inadvisable manner. We would question any attempt to snuggle up to the LDP and recklessly issue government deficit bonds in the process of disregarding fiscal resources. It will be the Japanese economy and public that will eventually have to pay for extravagant spending. We can readily appreciate the fact that he must work tirelessly as if he were ceaselessly pedaling a bicycle, but we would like to exercise confidence that the new vice minister will afford himself the wherewithal to formulate objectives that visualize 10 years into the future.

Minister of Finance Masayoshi Takemura (61), who was appointed at the end of June of last year, is referred to by the nickname, "Mumin Papa" [father of a cartoon character hippopotamus named Mumin, representing a good-natured father] because of his beaming countenance. He has clearly demonstrated his position as a dove on issues such as the antiwar resolution and Japan's proposed membership in the United Nations Security Council. He also has the qualities of a shrewd, bold, and pragmatic politician as leader of the small new party Sakigake within the three-party coalition government. His large physical stature is attributed to his insatiable appetite for food.

Born in Shiga prefecture, graduate of the Economics Department of Tokyo University, and employed by the Ministry of Home Affairs in 1962, he was elected at the age of 36 to be the mayor of Yokaichi in Shiga Prefecture and became known for unique policies, such as the "Declaration of a Bicycle City." During his tenure as prefectural governor (three terms), he displayed a passion for environmental issues by implementing a "Lake Biwa Ordinance" and enthusiasm for administrative and fiscal reform by promoting a restructuring of the prefectural fiscal posture.

He has been elected to the House of Representatives three times since his initial victory in 1986. Taking the position that political reform could not be realized by staying with the LDP, he resigned from the party with nine other members, formed the Sakigake Party,



and became its president. He served as chief cabinet secretary in the Hosokawa coalition government, but experienced a policy confrontation with Hosokawa who leaned toward Ozawa as president of the Shinseito. Subsequently, he continued to criticize the Shinseito and Komeito-led government as an ex-cabinet member, and later used the small Sakigake as an adhesive in exercising aggressive strategies in forming the LDP-Socialist Democratic Party of Japan (SDPJ)-Sakigake coalition government. He has exerted efforts from his LDP days toward the realization of political reform. He maintains strong ties with LDP reformists, such as former Deputy Prime Minister and Minister of Justice Gotoda and former Prime Minister Takeshita.

Takemura has had many past encounters with the MOF. He has maintained a confrontation with the MOF since his chief cabinet secretary days in connection with the postponement of the fiscal year 1994 budget into the next calendar year and the controversy on the Public Welfare Tax proposal in February of last year. Since his appointment as minister of finance, attention has been focused on Takemura's relationships with Administrative Vice Minister Jiro Saito, top administrator of MOF, who was reportedly the behind-the-scenes strategist for the Public Welfare Tax.

Opinions are divided concerning Minister of Finance Takemura's performance during the past year. When the minister first assumed his position, he requested the ministerial staff to establish a proper interpretation of their positions as bureaucrats and implanted a sudden air of tension, but subsequent events have witnessed an emphasis of solidarity between the minister and staff over a series of important issues, such as the hike in the consumption tax, discontinuance and consolidation of government-affiliated financial institutions, and the credit association issue.

Cherished views are one thing and once he became minister of finance, it was probably difficult for him to disregard the views of his staff, but you might say that the conflict between the LDP and the MOF bureaucrats has precluded Takemura from exercising adequate subjectivity with the exception of a few key personnel assignments.

However, it appears that allergies among MOF bureaucrats concerning Takemura have been removed to a degree through his realistic response as minister of finance and that that change will have a positive bearing on the minister's post-Murayama-government strategies.

Assisting the minister of finance are parliamentary vice ministers from the LDP and the SDPJ, symbolizing the three-party coalition. Parliamentary Vice Minister Kyogon Hagiya is a House of Representatives member;

LDP; Watanabe faction; 63. After graduating from the Law Department of Ritsumeikan University, he served as director of the Toyama Prefecture Hyomi city agriculture cooperative and two terms as prefectural parliamentarian, before being initially elected to the House of Representatives in 1990. He served once as secretary to the late Shotaro Shoriki, aspired to become a parliamentarian, and is an individual of willpower who finally won a national parliamentarian seat on his fifth challenge. His hobbies include raising orchids and gardening.

Parliamentary Vice Minister Satoshi Ishii is House of Representatives member; SDPJ; 57. After graduating from the Ujiyamada High School in Mie Prefecture, he worked as a company employee, served two terms as a city councilman, and two terms as a prefectural parliamentarian, before initially winning a national parliamentarian seat in 1990. Former parliamentarian Takao Fujinami, who was declared innocent during the initial Recruit scandal trials is a former senior of his in high school and from the same electoral district. It was the Recruit scandal that inspired him to make the decision to run for a seat in the House of Representatives. He has eyebrows which are thick and rival those of the prime minister and displays enthusiasm for political reform. His hobby is reading.

Administrative Vice Minister Kyosuke Shinozawa, employed in 1960, graduated from the Law Department of Tokyo University. He supervises MOF administration from this top administrative post and won the well-earned assignment to the position after serving about two years as director general of the Budget Bureau. He holds a record of having served continuously for nine years in the Budget Bureau in positions such as assistant budget officer in charge of the Ministry of Construction area, budget officer in charge of the Ministry of Education and Ministry of Health and Welfare areas, Coordination Division chief, and deputy bureau director general. Having served in such an elite career pattern, he became general affairs counselor in the ministry secretariat in 1989. He later served as Finance Bureau director general and ministry secretary general.

With the exception of his one year of service with the Kinki Local Finance Branch Bureau Financial Department Budget Division and two years with the Asia Economic Research Center (stationed in Argentina), he lived almost exclusively in Tokyo. He has established a wide range of ties with people as the result of serving on loan with the Ministry of Foreign Affairs and the Administrative Management Agency and as assistant to the Securities Bureau Coordination Division chief and as Public Affairs Section chief in charge of coordination with the mass media. He is a classmate of and intimate



friend of the LDP's Shizuka Kamei (current minister of transport). He entered government service together with former financial officer Tadao Chino (current deputy director general of the Agriculture, Fisheries, and Forestry Finance Corporation.)

Immediately after assuming responsibilities as ministry secretary general, he dedicated himself to the coordination of industry and independent-minded ministry bureaus concerning financial and securities scandals which had surfaced, while steadfastly coping with the huge chorus of criticism being vented against the government, succeeded in asserting MOF positions, and arranged the establishment of a Japanese version of the Securities and Exchange Commission known as the "Securities and Exchange Surveillance Commission."

During his junior and high school days, he was a medium-range runner in the field and track sports division. During his college days, he belonged to the cheer leader section and was a member of a brass band together with former National Tax Administration Agency Director General Nobuyuki Teramura who was a junior of his in college. He has a buoyant personality which enables him to influence an opponent before he realizes it. He enjoys a ministry-wide reputation of being able to demonstrate extraordinary capabilities in connection with the disposal of difficult negotiations.

If his predecessor and former Vice Minister Saito is referred to as being "stubborn," Shinozawa is "flexible." A major question is, will he be able to quiet turbulent MOF criticism and rebuild confidence in the ministry? He is faced with a mountain of issues such as the spreading fear of a breakdown in the economic recovery because of the sharp rise in the yen and the need for disposal of bad loans by financial institutions. He shoulders the difficult responsibility of improving and maintaining MOF bureaucratic morale.

#### Minister's Secretariat

The secretariat plays a key role in coordinating and controlling overall MOF activities. The MOF is referred to as being an "assemblage of bureaus without a minister" and has been exposed to unprecedented bashing. The secretariat is being challenged in terms of its true value as a coordinator in relation to the ruling government. The secretariat's importance has increased significantly as it is challenged to demonstrate general coordination and leadership skills transcending bureau interests in the areas of combined banking and securities services, financial deregulation, and delays in the recovery of the Japanese economy.

Playing an assistant's role to the administrative vice minister will be ministry Secretary General Yoji Wakui

(employed in 1964; graduated from the Law Department of Tokyo University). When the MOF was subjected to Nagata-cho bashing and was placed in a precarious position at the beginning of this year in connection with the government-affiliated financial institution consolidation and abolishment issue, he substituted for the MOF secretariat, which had fallen into a state of functional suspension, as the secretary general of the Economic Planning Agency (EPA).

He has served an elite career course including assignments as budget officer in charge of public works and planning, Budget Bureau Coordination Division chief, and secretary to former Prime Minister Kaifu. He was a favorite of former Vice Minister Saito and has been labeled as a member of the "Saito Group," but he is highly regarded for his sense of balance and coordinating skills and the view prevails that his appointment to the position of secretary general was well-earned.

He is a heavy drinker and his hobbies include reading and golf. He is an aficionado of Chinese food. He was born in Kanagawa prefecture.

The general affairs counselor will be Toshiro Muto (employed in 1966; graduated from the Law Department of Tokyo University). He had been tentatively selected for the position of secretary general for the EPA, but was assigned the general affairs counselor position as the successor to Kazuhiko Takeshima (employed in 1965; graduated from the Economics Department of Tokyo University), because the latter was assigned to the EPA position. He is a member of the group that was hired in 1966, which is said to have been an assemblage of superior human resources and everyone agrees that he ranks at the top in terms of career potential.

He evinces an air of being a mundane type, but enjoys the confidence of his fellow workers because of his steady work habits. After serving two years as the Secretarial Division chief, he became the deputy director general of the Budget Bureau in 1992. As budget officer, he handled the ministries of education, construction, and public works. He has experience serving in the Ishikawa prefectural government as Commerce, Industry, and Labor Department chief and as Coordinating Department chief, thus gaining practical experience in the area of regional government. He relates that his most impressionable assignment was as first secretary of the Japanese Embassy in the United States, when he lived in Washington, D.C.

He is dedicating himself to the preparation of economic countermeasures in response to fears of a breakdown in the economic recovery. His days are filled with activities required to coordinate with the ruling and opposition



parties because of the inevitable need for a second supplemental budget for fiscal year 1995 in the autumn.

Serving as Document Division chief will be Koichi Hosokawa (employed in 1970; graduated from the Law Department Tokyo University), who is currently in his second year in the position. During his last assignment as budget officer in charge of planning and fiscal revenues, he dedicated himself to the preparation of the historically largest comprehensive economics countermeasures package. He demonstrated his capabilities in handling the preparation of a series of supplemental budgets. He accumulated a variety of experience in handling a number of projects, such as tax reform and the Recruit scandal while serving as secretary to three chief cabinet secretaries; i.e., Gotoda, Obuchi, and Shiokawa. During his days as budget officer for defense and the agriculture, forestry, and fisheries sectors, he disposed of difficult assignments such as Gulf war funding and the new agriculture administration projects. His hobbies include reading and sitting as a sports spectator, but he is also a feline enthusiast that lives with more than 10 cats.

Hiroshi Watanabe (employed in 1972; graduated from the Law Department of Tokyo University) will serve as the Secretariat Division chief, but his will be an unusual assignment wherein it will be the first in 35 years since former National Tax Administration Agency Director General Michio Kondo served in the position without prior experience in the Budget Bureau.

He is being assigned to the position after serving as chief of the Tax Bureau's Second Tax Division, which is responsible for the consumption tax, and issuing a decision to hike the tax, but until now he was nurtured as a promising career candidate of the Tax Bureau. He is very exacting in the performance of his duties, but he is also a great connoisseur of mystery books and recently had gone to the extent of authoring a book titled "120 Nations Known for Their Mysteries" (published by Hayakawa Publishing). This is a post in which he will be required to exercise wide-ranging skills, and the questions are will he modify the division's bias for Budget Bureau-experienced personnel and how will he channel the strengths of the MOF as an organization? Division Chief Watanabe's selection for the position can be said to reflect the requirements of the times and we can all look forward to his performance.

The position of Minister's Secretariat Research Division chief will be filled by Yoshio Tamura (employed in 1971; graduated from the Law Department of Tokyo University) who was transferred from the position of Banking Bureau Small Banks Division. During his days as Small Banks Division chief, he was directly involved

with the Tokyo Kyowa and Anzen credit association issues. He was kept busy responding to the barrage of criticism directed at the proposed use of public funds, such as special loans from the Bank of Japan and financial aid from the Deposit Insurance System. It was his first assignment with the Banking Bureau after having served as a budget officer. He once served as secretary to former Prime Minister Hata when the latter served as the minister of finance. As Minister's Secretariat Research Division chief, he is expected to record accomplishments in the area of economic countermeasures and the second supplemental budget. His hobbies include the game of go and horseback riding. He once served as a member of the Japanese Embassy in West Germany.

Kizaburo Senoo (employed in 1970; graduated from the Engineering Department of Tokyo University) will serve as Accounts Division chief. He last served as cabinet internal government counselor and previously as Financial Bureau First National Property Division chief.

Local Finance Branch Bureau Control Division chief Mitsuyoshi Shirasu, employed in 1971, graduated from the Law Department of Tokyo University. He last served as a National Tax Appeals Adjudication Department Chief's adjudication officer and previously as first secretary of the Japanese Embassy in South Korea and cabinet internal government counselor.

To be in charge of public affairs as a member of the Minister's Secretariat staff will be Yukio Yoshimura (employed in 1970; graduated from the Economics Department of Tokyo University). The question is, how will he focus on the globalization of financial and capital markets and represent the MOF position before the eyes and ears of the world?

### **Budget Bureau**

Takeshi Komura (employed in 1963; graduated from the Law Department of Tokyo University) will serve as Budget Bureau director general after having served two years as Minister's Secretariat chief. He has served many years in the budget sector since being initially hired and assigned to the Budget Bureau Coordination Division, has accumulated experience while on loan to the Okinawa Development Agency and the Environment Agency (Insurance Planning Division chief), and served with tax offices as chief of the Yawatahama and Nagoya-Nakamura Tax Offices, providing him wide-ranging exposure as a government employee.

He has been assigned to positions to groom him to become a future vice minister, such as budget planning officer, budget officer (in charge of welfare and labor), Budget Bureau Legal Division chief, Budget Bureau



Coordination Division chief, Budget Bureau deputy director general, and EPA Director General's Secretariat chief. During his days as Minister's Secretariat chief, he took the brunt of MOF bashing by the LDP. The offices of Policy Research Committee chief Koichi Kato were declared "off-limits" to him and he encountered personnel assignment intervention from the LDP. He lost as much as six pounds, but overcame the situation with inherent tenacity.

Serving as Budget Bureau director general will prove to be a crucial assignment for Komura. He is vacating his home in Machida and moving together with his wife to his official government quarters located in the middle of Tokyo, displaying much enthusiasm over his new assignment. He is a native of Wakayama prefecture.

Assisting Komura as the ranking deputy director general is Kazuhiko Fushiya (employed in 1967; graduated from the Law Department of Tokyo University). He last served as Kinki Local Finance Branch Bureau director general and is now serving his second year as Budget Bureau deputy director general. He has followed the Budget Bureau's career path in assignments, such as budget officer in charge of education and public works, Legal Division chief, and Coordination Division chief, and is considered to rank highest in the competition for appointment as a future vice minister among those initially hired in 1967. In contrast to his background as an elitist, he is good-humored and is popular within the ministry. His hobby is tennis.

Second-ranking deputy director-general is Masakazu Hayashi (employed in 1968; graduated from the Law Department of Tokyo University), who just returned to the ministry from an assignment as the Kinki Local Finance Branch Bureau director general. He has served in an elitist career course, including assignments as first secretary and counselor in the Japanese Embassy in the United States, Minister of Finance secretary, budget officer in charge of construction and public works, Budget Bureau Legal Division chief, Budget Division Coordination Division chief, and Document Division chief. He is tall, speaks quietly, and has earned the confidence of ministry personnel. Hobbies include reading historical writings and being a connoisseur of rice wine.

The third-ranking deputy director general is Takashi Sugii (employed in 1969; graduated from the Law Department of Tokyo University), who was promoted from the position of Secretariat Division chief. He served as a budget officer in charge of planning, wherein he was responsible for devising budget strategy, but he is of a manly and open-minded nature, and despite his huge physique has the exacting habits required in

management positions. He has served in a loan capacity with the Bank of Japan and has personal connections with Bank of Japan officials. He has been forced to reduce his rice wine intake as a result of a gall bladder ailment, but is known to be an Epicurean. Much hope is placed in his policy-making skills in terms of how he will plot the course of the Japanese economy, which has reached a major turning point.

To serve as Coordination Division chief is Hideto Fujii (employed in 1971; graduated from the Law Department of Kyoto University). This was a predetermined promotion from his last assignment as Legal Division chief. He will be in charge of 12 budget officers, handle negotiations with outside agencies such as the ruling party, and serve in a pivotal role as spokesman for the Budget Bureau. He has served many years as budget officer in charge of defense, but he also has experience as Public Affairs Section chief, and service on loan to the National Personnel Authority. His hobby is the game of go.

The budget officer in charge of planning in the Coordination Division, who is responsible for planning in connection with the overall budget, will be Hiroki Tsuda (employed in 1972; graduated from the Law Department of Tokyo University). He has served many years in the area of public works.

The budget officer in charge of education, science and technology, and culture will be Naoyuki Shinohara (employed in 1975; graduated from the Economics Department of Tokyo University), who was reassigned from the position of Research Division chief. The position of Research Division chief will be filled by Takashi Matsumoto who was reassigned from the position of budget Planning Officer; the position of budget officer in charge of public works will be filled by Yoshihiko Murase (employed in 1975; graduated from the Law Department of Tokyo University), who was reassigned from the position of Japan Tobacco Inc. Management Planning Department chief, while the position of budget officer in charge of transportation and postal administration will be Toru Nangi (employed in 1975; graduated from the Law Department of Tokyo University), who was reassigned from the position of Pay Division chief.

#### **Tax Bureau**

Among the MOF's bureaus, the Tax Bureau is a small organization with less than 100 employees. Its size is less than one-third of the Budget Bureau staffed by 350 employees, and last year when it challenged itself to reducing income taxes and hiking the consumption tax, the bureau was ceaselessly battered in connection with the highly volatile political situation. Since the birth of



the national system as part of human history, it has been said that the tax system symbolizes politics, but the past year witnessed three changes in government leadership.

In February of last year, former Prime Minister Hosokawa proposed a National Public Welfare Tax concept, including a hike in the consumption tax from the current 3 percent to 7 percent. However, the exceedingly sudden way in which the concept was presented caused a reaction on the part of the SDPJ, which was a member of the then-coalition government, and in public opinion, and the concept was withdrawn overnight.

The welfare tax concept was devised under the initiative of former Vice Minister Saito, who once served with the Budget Bureau, and the Budget Bureau itself, and an attempt was made to win quick approval of the package under the Hosokawa administration, which had strong support from the public, without consulting the Tax Bureau.

Later, the government leadership changed to the Hata cabinet and then to the Murayama cabinet, and tax reform became the foremost economic issue of the new administration. Even the SDPJ, which had opposed the hike in the consumption tax, gave priority to the maintenance of the three-party coalition and withdrew its opposition, and the consumption tax hike was approved. A look at the contents shows that although a 5.5 trillion yen income tax cut will be made in 1995 and 1996 as was the case in 1994, 2 trillion yen of those cuts were designed as an economic stimulus cut and will be discontinued in 1997 when the consumption tax is hiked by five percent, making the package of questionable effectiveness.

However, the MOF succeeded in realizing the first hike in the consumption tax and laid the path for a second hike in the future. In connection with revisions in the fiscal year, it has dedicated itself to reducing the provisions for special taxation measures for corporations.

Future issues awaiting action include reductions in corporate taxes, and the modification of property taxes after having completed action on income and consumption taxes. Among integrated taxation concepts, we should witness increasing future debate over a taxpayer identification system. Further, because of the fear of a breakdown in the economic recovery, industry is intensifying its call for abolishment of land value taxes, indicating that attention will be focused on the land tax system. Further, the Aum Truth Religious Sect issue will inspire a debate on the status of religious corporate taxes. Compilation of the budget will be accompanied by the rekindling of the idea of continuing the economics coun-

termesures special tax cut, placing the Tax Bureau in a very busy state of affairs.

After Tadashi Ogawa (employed in 1962; graduated from the Law Department of Tokyo University), who was considered as a capable bureau director general, was transferred to the position of National Tax Administration Agency director general, Nobuaki Usui (employed in 1965; graduated from the Economics Department of Tokyo University) was promoted to the position of Tax Bureau director general after serving as Tax Bureau counselor. Ogawa is a tax system professional who served in positions, such as Tax Bureau Research Division chief, Third Tax Division chief, Second Tax Division chief, and Coordination Division chief. His first assignment was to the Osaka Regional Taxation Bureau Research Department which was known for its confidential audits and as Ise and Meguro Tax Office chief, providing him with an abundance of first-line experience. He has many acquaintances among politicians, both ruling and opposition parties, enabling him to play a key role in the passage of tax reform.

His hobbies include tennis and painting. Mental stress, while he was involved with tax reform, has given him premature white hair, giving him the appearance of an artist.

There are two counselors who assist Usui. One of them is Shigeo Ohara (employed in 1968; graduated from the Law Department of Tokyo University) who is serving his second year in the counselor position. In June of last year, he left the position of Tax Bureau Coordination Division chief to become secretary to Prime Minister Miyazawa, served as secretary to Miyazawa and Hosokawa, and then returned to MOF. Like Usui, white hair is his trademark. After returning to the Tax Bureau, he soon coordinated with ruling party tax research committee member parliamentarians who were experts on tax matters to stress the importance of combining tax increase and reduction measures, and played a significant role in winning approval of tax reform.

The second counselor will be Kenichiro Otake (employed in 1970; graduated from the Law Department of Tokyo University), who was promoted from the position of Coordination Division chief. In his younger days, he spent many years with the Budget Bureau, but after being placed on loan to Ishikawa Prefecture, he was assigned to the Tax Bureau in positions such as the Third Tax Division chief, Research Division chief, Second Tax Division chief, and First Tax Division chief, assuring that he will remain a leader in the Tax Bureau in the future.



His hobby is growing orchids, and his living room at home is filled with a variety of orchid plants.

The position of Coordination Division chief will be filled by Susumu Fukuda (employed in 1971; graduated from the Law Department of Tokyo University), who was promoted from First Tax Division. He has a balanced background having served in the International Finance, Financial, Budget, and Tax Bureaus, promising that he will capably handle the diversifying requirements of tax systems.

The position of First Tax Division chief will be filled by Yukitoshi Kamimura (employed in 1972; graduated from the Law Department of Tokyo University) who was reassigned from budget officer; position of Second Tax Division chief will be filled by Shigeki Morinobu (employed in 1973; graduated from the Law Department of Kyoto University), who was reassigned from Research Division chief; position of Third Tax Division chief will be filled by Yasuharu Fushimi (employed in 1974), who was reassigned from the National Personnel Authority Bureau of Administrative Services and Bureau of Compensation Second Compensation Division; and position of Research Division chief will be filled by Masao Nishihara (employed in 1975; graduated from the Law Department of Tokyo University), who was reassigned from the position of professor of law at Hokkaido University.

#### **Financial Bureau**

Missions performed by the Financial Bureau are diversified and include the compilation of the fiscal investment and loan programs known as the "second budget," disposition of NTT and JT stock, government bond issue plans, and management of government-owned assets. During the controversy concerning the review of special government corporations in the early part of this year, the status of the fiscal investment and loan system was questioned as a source of funds and a decision was made for the MOF to sponsor a study committee for one year and to reach a conclusion by the spring of next year. The study committee's review is expected to encompass the status of postal savings which provides a source of funds for the fiscal investment and loan system which may have an impact on the controversy concerning the status of the postal savings system to the extent that the balance of deposits exceeds 200 trillion yen and represents an unfair advantage over private-sector banking.

Serving his second year as bureau director general will be Koji Tanami (employed in 1964; graduated from the Law Department of Tokyo University). At the Budget Bureau, he served as budget officer in charge of defense and regional government finances and as deputy director general, at the Tax Bureau as First Tax Division chief

directly in charge of tax matters and as a counselor, as well as Secretarial Division chief. He has a superior sense of balance and during the Hosokawa cabinet days, he served as general affairs counselor and prepared an integrated economic package valued at a historical record of 15 trillion yen.

The Fiscal Investment and Loan Research Committee is expected to study the status of fiscal loan and investment systems from a mid- and long-term perspective, but great expectations are being placed on the committee to perform a full-scale review of special corporations and the topic of funding sources, placing it in a position where it faces the challenge of demonstrating its genuine worth in terms of building visionary concepts for Japan's administrative and fiscal reform without being influenced by MOF interests. As a way of building strength to be used as a resource for discharging his official duties, he spends his leisure hours with his family and favorite dogs at his home surrounded by a wooded area in the center of Tokyo.

Deputy Director General Tetsuro Saito (employed in 1968; graduated from the Law Department of Tokyo University) has dedicated himself to a career in the Financial Bureau by serving in positions such as Government Debt Division chief, First Fund Planning and Operation Division chief, and Coordination Division chief, after serving as a budget officer in charge of health and welfare.

Tobacco and Salt Counselor Toshio Hoga (employed in 1969; graduated from the Law Department of Tokyo University) faces the task of privatizing the salt monopoly.

Coordination Division chief Tatsumaro Terazawa (employed in 1971; graduated from the Law Department of Tokyo University) previously served as budget officer in charge of agriculture and forestry. Government Debt Division chief Yo Takeuchi (employed in 1973; graduated from the Law Department of Tokyo University) was reassigned from the Tax Bureau Third Tax Division chief position. First Fund Planning and Operation Division chief Teruhisa Kanai (employed in 1972; graduated from the Economics Department of Tokyo University) was reassigned from the position of Environment Agency Planning and Coordination Bureau Planning and Coordination Division chief. Second Fund Planning and Operation Division chief Tatsuo Tomita (employed in 1974; graduated from the Economics Department of Tokyo University) was reassigned from the position of Customs and Tariff Bureau Coordination Division. Local Fund Operation Division chief Toshiharu Kusu (employed in 1975; graduated from the Law Department of Kyoto University) was reassigned from the Securities



Bureau Securities Business Division Investment Management Section chief position. First National Property Division chief Seishi Higo (employed in 1973; graduated from the Law Department of Kyoto University) was reassigned from the position of Hokkaido Development Agency Budget Division chief. Treasury Division chief Hiromitsu Matsuda (employed in 1972; graduated from the Economics Department of Kyoto University) was reassigned from the position of the Imperial Household Agency Accounting Division.

#### **Financial Officer and International Finance Bureau**

As the yen rises sharply in value to the 80-yen-to-one-dollar range, the true value of the financial officer and International Finance Bureau which is responsible for external policies of the MOF meet with a challenge. Compared to \$1 trillion of daily currency trading, several billion dollars in intervention has hardly any impact on the markets and even if the G-7 nations were to wage a serious struggle with speculators, they have no hope of prevailing. That being the case, there is no need to stress the importance of preserving the fundamentals (basic prerequisites) of the various national economies and the maintenance of policy coordination among the principal nations over which speculators can exercise no control.

The United States, as an economic superpower, does not have the influence it once enjoyed, while the emerging markets centered around Asia and Central and South America have changed the economic dynamics of the world, and Japan is being forced to manage its foreign policy in a manner which places increased emphasis on Asia. Put another way, we are speaking of a review of Japan's policies towards the United States.

Further, an urgent task is market reform in Japan itself in forms such as deregulation of capital markets along with significant issues accompanying economic globalization such as the coordination of borderless economics and domestic policy management and the fear of chain reaction of financial issues based on the expansion of markets. Active coordination with other ministries and agencies, such as the Ministry of Foreign Affairs and MITI, will be essential.

Former Finance Officer Kosuke Nakahira (employed in 1964; graduated from the Law Department of Tokyo University) will be succeeded by Takatoshi Kato (employed 1964; graduated from the Law Department of Tokyo University) who is being promoted to the position. Kato was MOF's first overseas exchange student at Princeton University and is an outstanding individual who has filled key International Finance Bureau positions such as International Organizations Division chief, International Capital Division chief, and

Coordination Division chief, and is characterized by his solid capabilities. As goals, he lists efforts in the area of summit follow-up actions with respect to the review and strengthening of international organizations, successful conduct of the Asia Pacific Economic Conference (APEC) finance ministers' conference to be held in Kyoto in March of next year, and globalization of the Tokyo financial markets. He seems to be especially concerned with the future of financial markets and considers as issues: standardization, globalization, and transparency of markets.

Having come to the conclusion that the position of finance officer is physically demanding because of its extensive global travel requirements, he uses his spare moments as a runner to develop his physical condition.

Supporting the finance officer as International Finance Bureau director general will be Eisuke Sakakibara (employed in 1965; graduated from the Economics Department of Tokyo University), who is an unusual bureaucrat and previously served as Fiscal and Monetary Research Center chief. He has served as assistant professor of Saitama University and visiting professor at Harvard University, and is a controversialist who appears on television to boldly take a firm stand against bureaucratic bashing. He was once plagued by his habit of speaking frankly and angered U.S. negotiators, but is a valued individual who has formed friendships with the likes of U.S. Undersecretary of Treasury for International Affairs Lawrence H. Summers. The question is, how will he perform in resolving the situation in which G-7 coordination is not functioning very well in the face of the end of the Cold War and amidst major economic wars. He is the action type with diversified interests like hobbies such as South Pacific diving.

Serving as deputy director general will be Haruhiko Kuroda (employed in 1967; graduated from the Law Department of Tokyo University) who was reassigned from the position of counselor. He is a theorist who has spent many years in the tax sector and has served as Tax Bureau International Tax Affairs Division chief, First Tax Division chief, Coordination Division chief and more recently as secretary to Minister of Finance Tatsuo Murayama. He has the potential of becoming a future director general of the International Finance Bureau.

Being appointed as counselors are Hideichiro Hamanaka (employed in 1968; graduated from the Economics Department of Tokyo University) and Toshiharu Kitamura (employed in 1969; graduated from the Economics Department of Tokyo University).

The Coordination Division chief position will be filled by Ken Yagi (employed in 1971; graduated from the



Economics Department of Tokyo University) who was reassigned from Development Policy Division chief, while the Development Policy Division chief position will be filled by Tatsuo Watanabe (employed in 1972; graduated from the Economics Department of Tokyo University) who was reassigned from International Capital Division chief, and the Development Institutions Division chief position will be filled by Yoshio Okubo (employed in 1974; graduated from the Economics Department of Tokyo University) who was reassigned from the position of International Organizations Division chief.

Serving as International Capital Division chief will be Yuzo Harada (employed in 1972; graduated from the Law Department of Tokyo University) and as Foreign Exchange and Money Market Division chief will be Eijiro Katsu (employed in 1975; graduated from the Law Department of Tokyo University) who once served as secretary to Chief Cabinet Secretary Igashira.

#### **Banking Bureau**

MOF financial administration, which was referred to as a convoy guidance system and gave priority to the maintenance of a stable financial system, is said to be facing a stalemate and the need for a major change. At the beginning of June, the MOF published a plan titled, "Recovery of the Financial System," based on the perception that nonperforming assets carried by financial institutions function as an impediment to the recovery of the Japanese economy. The plan refers to the immensity of the problem by stating, "The magnitude of the problem shouldered by financial institutions at the present time is the most serious encountered since the latter half of the 1920's and the post-World War II period." On the other hand, the plan expresses the assessment that the financial institutions will not be able to expect relief (from the Deposit Insurance System) and that use of public funds will be required to resolve the problem.

Difficulties in coping with the problem were demonstrated by the severe criticism directed at the proposed disposition of the two failed credit associations located in Tokyo. In the meantime, rumors circulate about the management crisis faced by several medium to small financial institutions nationwide, but we cannot deny the impression that necessary action is being delayed owing to the aftereffects of the issue concerning the two credit associations. A major issue which awaits disposition by yearend pertains to the housing loan specialty companies, but the difficulties faced by the MOF are illustrated in the delays associated with establishing the cooperation of the agriculture and forestry association-affiliated financial institutions.

However, it is certainly the case where the MOF cannot project the future without disposing of these immediate issues. If we continue to fear that the use of public funds will result in the questioning of responsibility on the part of supervising government agencies and institutional managers, we will remain hamstrung. We need to adhere to logic and dedicate ourselves to winning the understanding of interested parties.

Banking Bureau Director General Yoshimasa Nishimura (employed in 1963; graduated from the Law Department of Tokyo University) will be serving his second year in that position, with the expectation that he will handle his duties zealously. Unlike former National Tax Agency Director General Nobuyuki Yoshimura who had served for the first time in the Banking Bureau, Nishimura has served as counselor of the bureau and this will prove to be a crucial assignment. As counselor, he did well in building the foundation of financial system reform, while his current assignment gives him the opportunity to continue building over that foundation.

Nishimura is a contemporary of Budget Bureau Director General Komura, Securities Bureau Director General Hidaka, and the recently retired finance officer Nakahira, while during his days with the EPA he was involved in the preparation of the long-term economic plan and is well-versed in macroeconomics. Further, he has served as Osaka Custom House chief, and has experience serving as a first-line functionary. Reputedly, he is stubborn, unlike his superficial suave appearance, and he impressed everyone during parliamentary interpellations on the two credit association issues based on his polite response to pointed questioning.

Of the two counselors, Senior Counselor Shunichi Nagata (employed in 1967; graduated from the Economics Department of Tokyo University), who last served as counselor in charge of securities issues, will be in charge of city banks and housing loan specialty companies. He is a financial specialist who has served as first secretary to the Organization for Economic Cooperation and Development (OECD) Representative's Office, budget officer in charge of foreign affairs, MITI, and economic cooperation, as well as chief of three divisions such as the Banking Bureau's Banking Division and Coordination Division. He displays an intelligent appearance and is a logical speaker. Much is expected of him in the area of the housing loan specialty company issue, which is a major issue in the financial industry. Being a sports spectator is one of his hobbies. He is a physical type who enjoys baseball and the Shorinji form of martial arts. He is known to be a cautious type who "tests the waters twice before jumping in," but he will soon be faced with the need to make some decisions on the housing loan specialty company issue.



Counselor Sei Nakai (employed in 1972; graduated from the Law Department of Tokyo University) will be in charge of small and medium regional financial institutions and will be faced with the need to take action on issues, such as the two credit association issues wherein a 20 billion yen loan from Tokyo has been suspended and credit unions and credit associations are facing controversy because of operating crises. His is a crucial assignment because the Banking Bureau has repeatedly failed to successfully handle projects such as last year's merger of Heisei Bank in the Northeast region and the two credit association issues.

Nakai was assigned as counselor after serving as consul at the Consul General's Office in New York, Financial Officer Section chief, Banking Bureau Research Division chief, Banking Bureau Special Loan Division chief, and International Finance Bureau duty counselor. Hobbies include the game of go and theater as well as soccer.

Serving as Coordination Division chief after a tour as Banking Division chief will be Shizuharu Kubono (employed in 1971; graduated from the Law Department of Tokyo University). He has served as budget officer in charge of health and welfare and labor, while serving as an assistant in the First Insurance Division and Banking Division. He will involve himself in integrated coordination relative to banking administration, using his background of building relationships with politicians when serving as Tax Bureau Third Tax Division chief.

Serving as Banking Division chief after an assignment as Banking Bureau Research Division chief will be Toshio Muraki (employed in 1972; graduating from the Economics Department of Tokyo University). He has served as first secretary at the Japanese Embassy in Australia and Securities Bureau Securities Trading Examination Section chief. During his days as Research Division chief, he was in charge of the Financial System Research Council, establishing a policy on the disclosure of bad loans.

Serving as Small Banks Division chief will be Michito Ishii (employed in 1974; graduated from the Law Department of Tokyo University), as Special Banks Division chief will be Hirofumi Gomi (employed in 1972; graduated from the Law Department of Tokyo University), as Loan Company Section chief in charge of housing loan specialty company and nonbank dispositions will be Hideyuki Furukado (employed in 1977; graduated from the Law Department of Tokyo University) serving his second year in the position and assiduously preparing solutions for the issues he must handle. Serving as Research Division chief after a tour as Securities Bureau Securities Market Division Government

and Corporate Bond Section chief will be Junichi Naito (employed in 1975; graduated from the Economics Department of Tokyo University).

Serving as Insurance Department chief after a tour as counselor in charge of administrative and fiscal reform will be Makoto Fukuda (employed in 1968; graduated from the Law Department of Tokyo University), as First Insurance Division chief after a tour as National Tax Administration Agency Secretariat counselor will be Shigeaki Ninomiya (employed in 1973; graduated from the Economics Department of Kyoto University), while serving as Second Insurance Division chief after a tour as Insurance Department First Insurance Division Research Section chief will be Masaki Takeda (employed in 1975; graduated from the Law Department of Tokyo University).

#### **Securities Bureau**

The question is, what will be done to improve the Tokyo markets, which have developed in stature, to rank with markets in New York and London? The Securities Bureau faces a major issue in that mention is made that the Tokyo markets are declining in significance because of numerous regulations and high costs, such as fees, compared with foreign markets.

The Securities Market Stimulus Plan, published on 27 June, included measures such as the suspension of taxes imposed on dividends paid on stock bought back by issuing corporations, the opening in July of over-the-counter markets operating under special rules which will allow money-losing companies to make public offerings of stock so that promising venture firms can raise capital, and improvements in the margin trading system to encourage individual investors to return to the markets.

However, the Tokyo Securities Exchange stock average has fallen below the 15,000 range and the markets have failed to break out of their doldrums. Low stock prices have caused securities firms to suffer losses and stories have begun to emerge that some small and medium brokerage houses may turn in their licenses. The question is, in what form will the MOF devise a strategy for effecting a structural conversion to extricate the markets from traditional stock trading patterns? There is a need for the MOF to avoid ineffective temporary schemes and build a midterm and long-term visionary plan.

Securities Bureau Director General Sohei Hidaka (employed in 1963; graduated from the Law Department of Tokyo University) will be serving an unprecedented third year in the position. He previously served as secretary to former Minister of Finance Miyazawa, Document



Division chief, and Kinki Local Finance Branch Bureau chief. In his previous assignment as general affairs counselor, he displayed his skills as an economics measures strategist in response to sharp declines in stock prices, by implementing repeated cuts in the official discount rate. As soon as he was appointed to that position in the summer of 1993, he took the drastic action of making the failed Cosmos Securities a subsidiary of Daiwa Bank. He took quick action for the sake of maintaining the financial system. Last year, he launched a project team to deal with the declining status of the Tokyo markets. He has a reputation of being "sharp" within the ministry and is a leader type. He faces a crucial test in relation to lingering stock prices.

Assisting Hidaka as counselor after serving as Banking Bureau Insurance Department chief is Kimio Yamaguchi (employed in 1967; graduated from the Law Department of Tokyo University). Serving as Tokyo Securities Exchange management officer, which ranks equally with counselor, after serving a tour as Tohoku Local Finance Branch Bureau chief, is Akira Yamamoto (employed in 1969; graduated from the Law Department of Tokyo University). Serving as Coordination Division chief will be Shokichi Takagi (employed in 1971; graduated from the Law Department of Tokyo University). Serving as Securities Business Division chief after a tour as Securities Market Division chief will be Takashi Fujiwara (employed in 1972; graduated from the Economics Department of Tokyo University). Serving as Securities Market Division chief after serving as budget officer in charge of defense will be Keizo Goto (employed in 1973; graduated from the Law Department of Tokyo University).

#### **Bank of Japan Policy Committee Member**

Atsushi Nagano (employed in 1966, graduated from the Law Department of Tokyo University) was appointed to this position after serving as Banking Bureau duty counselor. He is well-versed in tax matters having served as Tax Bureau Coordination Division chief, playing a key role in the Banking Bureau as a counselor. He has also served as Document Division chief, Kinki Local Finance Branch Bureau chief, and secretary to former Finance Minister Takeshita, while also a consensus maker among ministerial personnel associated with the Takeshita faction. He has many followers, because of his skills at conducting informal talk sessions.

#### **Fiscal Financial Research Center**

Serving as center chief after a tour as Budget Bureau deputy director general will be Yoshio Nakajima (employed in 1966; graduated from the Law Department of Tokyo University). He belongs to the group that started

their government careers in 1966, which has produced a number of capable individuals, and is known as one of the Three Musketeers. Disciplinary action was taken against him for excessive socializing with officials involved in the two credit association issues, but many subordinates respect him for his capabilities and personal characteristics. Hope is placed in his renewed efforts to perform creditably.

#### **Customs and Tariff Bureau, Mint Bureau, and Printing Bureau**

The Customs and Tariff Bureau will be in charge of discussing the deregulation of customs at the APEC meeting to be held in Osaka in November, but the bureau will need to coordinate with the Ministry of Foreign Affairs, MITI, and the Ministry of Agriculture, Fisheries and Forestry in that the meeting will present an opportunity to give direction to Japan's Asian diplomacy.

Serving as Customs and Tariff Bureau director general after a tour as International Finance Bureau deputy director general will be Isao Kubota (employed in 1966; graduated from the Law Department of Tokyo University). He is an expert on international financial matters and is known to be a capable individual. He is able to deal with politicians on an equal footing. The APEC meeting in the fall will be a major issue.

Continuing to serve as Customs and Tariff Bureau duty counselor will be Shigeharu Kume (employed in 1968; graduated from the Law Department of Tokyo University). The second counselor after serving a tour as Kanto-Shinetsu Regional Taxation Bureau director general will be Shozo Ota (employed in 1969; graduated from the Law Department of Tokyo University). Serving as Customs and Tariff Bureau Coordination Division chief after a tour as Customs and Tariff Bureau Planning Division chief will be Motoharu Fujikura (employed in 1971; graduated from the Law Department of Tokyo University). Serving as International Organizations Division chief after serving as International Finance Bureau Foreign Exchange and Money Market Division chief will be Susumu Fujimoto (employed in 1972; graduated from the Law Department of Tokyo University) who will manage the APEC Administrative Bureau.

Assuming the position of Mint Bureau director general after serving as Banking Bureau duty counselor will be Akio Hanano (employed in 1967; graduated from the Law Department of Tokyo University). He was in charge of local banks and nonbanks while serving with the Banking Bureau. He faced difficulties in dealing with the Tohoku three local bank issues and the two



credit association issues, but he handled the projects with the motto that he would listen to the other party with a humble attitude."

Serving as Printing Bureau director general after serving as Secretariat Financial Inspection Department chief will be Takayuki Yamamoto (employed in 1967; graduated from the Law Department of Tokyo University).

#### **National Tax Administration Agency and Securities and Exchange Surveillance Commission**

Being promoted to National Tax Administration Agency director general after a tour as Tax Bureau director general will be Tadashi Ogawa (employed in 1967; graduated from the Law Department of Tokyo University). Ogawa is considered as definitely winning appointment as administrative vice minister next year, but he recorded major achievements last year such as laying the groundwork for the first consumption tax hike. At the Budget Bureau, he served as budget officer in charge of defense, but at the Tax Bureau, he served as Coordination Division chief, counselor, and general affairs counselor, before he engaged in the creation of the Securities and Exchange Surveillance Commission (Japanese version of the Securities and Exchange Commission). He also served as secretary to Takeshita as minister of finance and prime minister and enjoys his overwhelming confidence. He reportedly lacks some basic human qualities, but he is outstanding in terms of logic.

Serving as National Tax Administration Agency deputy director general after a tour as Osaka Regional Taxation Bureau director general will be Shozo Wakabayashi (employed in 1967; graduated from the Law Department of Kyoto University). Serving as counselor after a tour as Sendai Regional Taxation Bureau director general will be Izumi Mizumori (employed in 1969; graduated from the Law Department of Tokyo University). Also serving as counselor after a tour as Hiroshima Regional Taxation Bureau director general will be Masanobu Hidaka (employed in 1969; graduated from the Economics Department of Tokyo University). Serving as Taxation Department chief after a tour as Examination and Criminal Investigation Department chief will be Masaaki Uchino (employed in 1968; graduated from the Economics Department of Tokyo University). Serving as Collection Department chief after a tour as Hokkaido Development Agency, Hokkaido Development Bureau Secretariat chief will be Yoshihide Mende (employed in 1964; graduated from the Law Department of Kumamoto University). Serving as Examination and Criminal Investigation Department chief after a tour as Fukuoka Regional Taxation Bureau director general will be Yoshiharu Nakagawa (employed

in 1969; graduated from the Law Department of Tokyo University). Serving as Secretariat General Affairs Division chief after a tour as Taxation Department Income Tax Division chief will be Satoshi Nishikawa (employed in 1971; graduated from the Law Department of Kyoto University).

Serving as Administrative Bureau director general of the Securities and Exchange Surveillance Commission, which is expected to become involved in the first indictment based on the "circulation of false rumors," after a tour as Tokyo Regional Taxation Bureau director general will be Yasuhiko Okada (employed in 1966; graduated from the Law Department of Tokyo University).

### **North Korea**

**Commentary Denounces Ulchi Focus Lens Exercise**  
SK2408023895 *Pyongyang Korean Central*  
*Broadcasting Network in Korean*  
1225 GMT 23 Aug 95

[Commentary by Yun Pyong-son: "Dangerous War Commotions Bringing in Fiery Clouds"]

[FBIS Translated Text] On 21 August the U.S. imperialists and the South Korean puppets began to wage the provocative Ulchi Focus Lens-95 joint military exercise despite the strong protest and condemnation from the people at home and abroad.

Because of this war exercise — which will continue for 12 days until 1 September under the mobilization of more than 50,000 puppet army troops, 16,000 U.S. imperialist aggression troops, and all city- and county-level administration organs of the puppet regime — South Korea reminds us of a huge battle site.

The puppets openly clamor that this war exercise is a simulated war against the North. A dangerous play with fire continues every day in the sky and on the ground and sea of South Korea, and fiery clouds of war are moving toward the North.

This vividly shows that the Ulchi Focus Lens-95 war exercise, as a version of the Team Spirit joint military exercise, is a nuclear war exercise aimed at waging a surprise attack against the northern half of the Republic.

As everyone knows, sometime ago, on the occasion of the 50th anniversary of national liberation a grand national reunification festival was splendidly held at Panmunjom with the participation of people from the North, the South, and overseas. With this occasion, our nation's spirit for peaceful reunification has been further enhanced.

Also, the DPRK-U.S. agreed framework has been implemented, and the issue on establishing a new peace



guarantee system to end the instable state of armistice and to ensure a solid peace on the Korean peninsula has been raised. As a result, a wind of peace is hanging over the Korean peninsula.

That the U.S. imperialists and the South Korean puppets have waged a large-scale war exercise at such a time is a deliberate and premeditated maneuver to provoke another war and, thus, to drive the Korean peninsula into a sea of fire by reversing the trend of the situation. It is also a vicious challenge and provocation against us.

History has frequently recorded the historic fact that a war exercise was turned into an actual war. There is no guarantee that this war exercise, which the U.S. imperialists and the South Korean puppets are waging simulating a northward invasion, will not be turned into an actual war.

Herein lies the dangerous nature of the Ulchi Focus Lens-95 war exercise and the reason why the peace-loving people of the world express great concerns about this war exercise.

Although they are talking about detente and peace, what the U.S. imperialists and the South Korean puppets are pursuing in actuality is neither detente nor peace. The rascals are attempting to swallow the northern half of the Republic by triggering a war against the North. Thus, they are trying to realize in the nineties at any cost their wild ambition that they failed to realize in the fifties.

This is why the U.S. imperialists have been building up their aggressive armed forces in collusion with the puppets while turning away our new proposal to establish a new peace guarantee system and why they are leading the situation into the brink of war by waging the large-scale, dangerous war exercise despite the protest of the people at home and abroad.

We will never look on with folded arms the fact that the U.S. imperialist bellicose elements and the Kim Yong-sam ring are deliberately aggravating the situation on the Korean peninsula by waging the provocative war exercise in place of the Team Spirit joint military exercise.

If the U.S. imperialists and the South Korean puppets attempt to gain something through a military method it will be a foolish delusion. We already have warned that we will never tolerate the rascals if they touch even one plant or even one tree in our fatherland.

If the U.S. imperialists and the South Korean puppets challenge us recklessly, like fools rush in where angels fear to tread, our People's Army and people will rise up as one and deal severe blows to them.

The rascals should look straight at realities and should not run wild at random.

**Dailies View Ulchi Focus Lens 'War Exercise'**

*SK2408051095 Pyongyang KCNA in English  
0459 GMT 24 Aug 95*

["War Manoeuvres Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — The Kim Yong-sam group started Ulchi Focus Lens 95 joint war exercise on August 21 together with the U.S. Forces present in South Korea. Commenting on this, NODONG SINMUN and MINJU CHOSON today brand it as an undisguised challenge to the North's sincere efforts for peace and reunification and a grave provocation.

A NODONG SINMUN analyst says:

It can never be overlooked that the South Korean puppets trampled down the people's August 15 events common to the nation at the point of the bayonet and are staging a war exercise against the fellow countrymen together with outside forces. It is ridiculous that the United States and the South Korean puppets let loose a poor pretext to conceal the aggressive and provocative nature of Ulchi Focus Lens 95, blaring that it is a "command post rehearsal". The warmaniacs prattled in an undisguised way that this is aimed at "mastering systems and proceedings for fulfilling the duties needed for accomplishment of instructions given in the wartime", so admitting by themselves the aggressive nature of the rehearsal and its danger. We cannot but take a serious view of the fact that the war-thirsty elements of the United States are carrying the situation on the Korean peninsula to the brink of war while continuing to stage the joint military exercise to replace Team Spirit together with the South Korean puppets, contrary to the spirit of the DPRK-U.S. framework agreement.

We, who regard sovereignty and dignity as our life and soul, will never allow the South Korean puppets to do harm to the North in league with foreign forces, and deal a thousand-fold retaliation to the provokers.

MINJU CHOSON in a by-lined commentary warns that if any aggressors invade even an inch of our territory, sky and waters, they will be sternly punished.



**U.S. Denounced for Calling North 'Nuclear Threat'***SK2408052895 Pyongyang KCNA in English  
0505 GMT 24 Aug 95*

["They Should First Feel Guilty" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — Of late the United States again hurled muds at the socialist system in the DPRK, contending that its "nuclear threat" is a most urgent matter for security in the Asia-Pacific region." [no opening quotation mark as received]

Commenting on this, NODONG SINMUN today says the DPRK cannot look with folded arms at the United States slandering it and getting on its nerves.

The analyst further says:

"Nuclear threat" mentioned by the U.S. is a ridiculous sophistry.

By taking issue with the DPRK again the United States seeks to whitewash and justify its domination and occupation in South Korea and the Asia-Pacific region, the justification of which fades away.

Another purpose is to, on any account, maintain and strengthen its military presence in these areas and establish an order of domination in its favor in these areas.

The United States is the source of the greatest nuclear threat in the world and one of the most ruthless dictatorial states. For the U.S. to talk about "nuclear threat" and slander the anthropocentric socialism of Korea is the height of impudence.

The U.S. domination and occupation of the Asia-Pacific region aggravates military tensions and increases the danger of armed conflict in the area.

That is why peace and stability in the Korean peninsula, East Asia and the rest of the world are gravely threatened.

What is important for the relaxation of tension and security in the Korean peninsula is to replace the Armistice Agreement with a peace one and set up a new peace-keeping mechanism.

The legal parties concerned in the establishment of the new peace-keeping mechanism are both the DPRK and the U.S.

The U.S., however, is trying to avoid its responsibility.

If the U.S. truly wants the relaxation of tensions and security in the Korean peninsula and if the U.S. is interested in world peace and stability, as it advertises, it should not engage itself in provocations against others,

but show early response to the DPRK-proposed peace-keeping mechanism.

**South's 'War Game' in DMZ on 22 Aug Denounced***SK2408050895 Pyongyang KCNA in English  
0443 GMT 24 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — Tens of South Korean puppet army bandits armed with machine guns and automatic rifles wormed into the Demilitarized Zone of the western sector of the front and staged a war game on August 22, aiming at servicemen of the Korean People's Army and puppet army bandits in this area levelled their large-calibre machine guns and automatic rifles at our side for a long hour, according to military sources.

This military provocation coincided with the joint military exercises "Ulchi Focus Lens 95".

If the Kim Yong-sam clique continue to aggravate the situation of the Demilitarized Zone by staging large-scale war games against the North together with outside forces, going against the desire of the nation for reunification, they will face a stern judgement.

**Pyongyang Welcomes South Korean Defector***SK2308232295 Pyongyang KCNA in English  
1538 GMT 23 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — Pyongyangites met today to welcome South Korean defectors, Chong Yong-chun and his wife Kim Hui-suk.

Chong ran the Osong Industries Co. in South Korea before defecting to the North with his wife via a third country.

At the meeting, the couple were awarded DPRK orders and prize and received souvenirs.

In a welcome speech, Sin An-pang, vice-chairman of the Pyongyang Municipal Administrative and Economic Committee, praised the defection of the couple as an expression of their patriotic will to reject those seeking a permanent division of the nation and to live a worthwhile life through noble efforts for national reunification.

In his reply, Chong Yong-chun said:

"Seeing is believing. Witnessing the situation in the North, we could believe that socialism in the North is the best social system for the working masses.

"There is no such society in the world as the North where people are united with a single heart and live an equal and harmonious life, helping and leading one



another under the wise leadership of respected general Kim Chong-il. He is carrying forward the cause of the great President Kim Il-song, who devoted all his life to the country and the nation under the motto 'The people are my god.'"

In her reply, Kim Hui-suk said:

"In the North, we are struck with admiration at the great General Kim Chong-il's benevolent politics based on affection for the people. He is a paragon of the people's great leader who believes in them as in heaven and takes warm care of them.

"Women in South Korea are subject to sexual discrimination. They are mercilessly maltreated and violated. Such a corrupt society as South Korea must be removed from this planet as soon as possible."

#### **Further on Defection**

SK2408013695 *Pyongyang KCNA in English*  
2207 GMT 23 Aug 95

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — Chon Chae-won, 34, came over to the northern half of Korea from South Korea some time ago.

Hailing from Chunchon, South Korean Kangwon Province Chon graduated from a higher school before being enlisted in the puppet army. After the discharge from military service he worked at the Chunchon branch of the Catholic Farmers Society of South Korea.

He was engaged in physical labour in the domain of construction just before his defection to the northern half of Korea.

His wife, son and daughter are in South Korea.

Referring to the motive of his defection, Chon said that through the study of the chuche idea which is swiftly disseminated throughout South Korea he came to realise that North Korea is an excellent society where all people lead a happy life with no worries and anxiety, and he felt disillusioned with the social system of South Korea.

"While reading articles by visitors to North Korea and listening to Radio Pyongyang [clearing words indistinct], I was convinced that North Korea's is, indeed, a society for the sake of the people," he said, adding:

"I made up my mind to be embraced in the bosom of respected General Kim Chong-il and succeeded in doing so via a third country."

#### **Daily Criticizes Kim Yong-sam Speech**

SK2308140095 *Pyongyang Korean Central Broadcasting Network in Korean*  
0850 GMT 23 Aug 95

[NODONG SINMUN 23 August commentary: "The Pitiful Outcry of the Colonial Marionettes"]

[FBIS Translated Text] On 21 August, the puppet unification minister reportedly staged a low comedy with the so-called Advisory Council for Democratic and Peaceful Unification, appealing for directions and policy tasks as regards the North. He babbled that the issue of establishing a peace system of the Korean peninsula must be resolved by the parties concerned, the North and South, in conjunction with the cooperation and support of concerned countries.

The puppet's nonsense is in line with what the traitor Kim Yong-sam uttered before. On 15 August, the Kim Yong-sam puppet traitor made a congratulatory speech and displayed on television his pitiful look, a look of exhaustion from sustaining his regime that is on the verge of destruction. He rambled on for a while, then abruptly raised the basic principle of safeguarding peace on the Korean peninsula. In summary, his speech was about the North and South being the parties concerned in establishing a peace system; the necessity for cooperation and support from countries concerned in establishing a peace system; respect for the North-South agreement; the building of trust; compliance with the Armistice Agreement; and joint efforts by the North and South to seek ways to establish a peace system.

The game of empty words is not worth consideration or discussion. However, we cannot overlook the fact that Kim Yong-sam dared talk baloney about a issue directly related to the nation's destiny, fooling the people and misleading public opinion. Kim Yong-sam is completely out of his mind to say that the North and South are the parties concerned in establishing a peace system on the Korean peninsula. The entire world recognizes that replacing the old armistice system on the Korean peninsula with a new peace-guaranteeing system is an issue that must be resolved by the DPRK and the United States, the actual parties concerned with the Armistice Agreement.

The South Korean puppets are not a party to the Korean Armistice Agreement, but are the ones opposed to its signing. They are a group of colonial marionettes who cannot even exercise the prerogative of military command. They have no qualifications nor grounds to barge in. Nonetheless, Kim Yong-sam raves as if the South were a party to the Armistice Agreement, fussing about interfering. How absurd is this? The puppet traitor



should know that he will break his nose if he continues with such presumptuous utterances that do not suit his pitiful situation of a colonial hunting dog lacking actual power.

The traitor Kim Yong-sam is white-livered to talk about the need for cooperation and support from countries concerned in order to establish a peace system. While not a party to the Armistice Agreement, the same mouth that just talked about establishing a peace system through a resolution between the parties concerned, the North and South, also raved about establishing a peace system with the cooperation and support of the countries concerned. Is it not preposterous?

The mouth of Kim Yong-sam, who runs amok like a pack of wolves in a fire, putting the brakes on the establishment of a peace system, obviously cannot utter something rational and reasonable. Only ugly betrayers like the traitor Kim Yong-sam, who lost his mind while being driven by others, and who is accustomed to their protection and maintains his short life in return for selling the interests of the country and nation to foreign forces, can utter such treacherous and flunkeyist nonsense.

The traitor Kim Yong-sam also rattled about old-fashioned respect for the North-South agreement and the building of trust. That is mere sophism designed to conceal the antinational, antipeace, and antireunification nature of the South, which has systematically violated the North-South agreement and the joint declaration on denuclearization, and which has driven North-South relations to their worst.

As soon as the Kim Yong-sam ring grasped power, it threw away the North-South agreement and the joint declaration on denuclearization, just like dirt; resumed the Team Spirit joint military exercise with outside forces, which had been suspended at the end of the Sixth Republic; and renewed its arms buildup and nuclear development. The entire world knows about this.

The people of the world also know that the Kim Yong-sam ring is made up of the most vicious traitors and immoral gangsters who begged for the establishment of the international cooperative system so as to inflict harm on their fellow countrymen, picked a quarrel over the North's nonexistent nuclear program, and set fire to the aching hearts of their fellow countrymen who underwent the greatest misfortune. As such, it is nothing but profanity and a mockery against us that the traitor Kim Yong-sam—the one who trampled down the spirit of the joint declaration on denuclearization and who led the trend toward reconciliation, unity, and reunification toward the brink of war—rattled about respect for the North-South agreement and about confidence building.

It is truly preposterous when he raved that the North and South should jointly seek measures to observe the Armistice Agreement and build a peace system. It was none other than the United States and the South Korean puppets who strained the situation to the extreme; turned the Armistice Agreement into a mere scrap of paper; and turned the armistice supervisory organ, a mechanism to carry forth the Armistice Agreement, into an organ in name only by turning South Korea into Asia's biggest nuclear armory, by fortifying and turning DMZ areas inside the Military Demarcation Line into bases for attack, and by continuously conducting nuclear war exercises for northward aggression.

Under the reality that the United States holds all power in South Korea, including the prerogative of supreme command of the army, and is the real party to the Armistice Agreement, the United States and we are the ones that should take measures to establish a peace system.

Regardless of such a fact, Kim Yong-sam let loose a string of outdated outcries that the North and South should jointly seek measures to observe the Armistice Agreement and build a peace system. He seems to be brazen-faced like the sole of a bear's foot as well as stupid, not knowing what he should do or should not do.

Furthermore, it is unpardonable that the traitor Kim Yong-sam made provocative remarks about hoping for stability in the North and so forth. The might of our *chuche* socialist system, under which the leader, the party, and the popular masses are single-heartedly united, is being further strengthened and consolidated with each passing day. Thereby, our Republic has become the world's progressive object earning mankind's admiration.

No matter how loudly a dog may bark, a clear sky will not turn cloudy. Kim Yong-sam's scheming sophism is the pitiful outcry of a person who is afraid of the might of the DPRK, which is winning victory after victory as the days go by. If Kim Yong-sam continues to make such absurd remarks, his tongue will be slashed by the world people who praise our Republic.

After all, the basic principle brought forward by the traitor Kim Yong-sam in his celebration speech is merely a repetition of the old document, being evaluated by foreign media as having nothing new.

It is a matter of course that the South Korean people brand the basic principle set forth by the puppet traitor as a cheap document designed to patch up his pitiful situation of being thrown away by the people and of being on the brink of ruin due to his repeated failures



in domestic and foreign policies, and not a document for the country's peace and reunification.

By again ridiculing the nation with the issue of peace and reunification, the traitor Kim Yong-sam proved that he is the one whose life should not be spared. Since the South Korean people regard him as the first target to be overthrown, it is certain and only a matter of time before the Kim Yong-sam ring will proceed along the road of destruction.

#### **South's Call for Peace Regime Denounced**

*SK2408103295 Pyongyang KCNA in English  
1013 GMT 24 Aug 95*

["Colonial Puppets' Jargon" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — The South Korean puppets recently called for a "solution to the peace regime issue between the North and the South." In this regard, MINJU CHOSON today says this is an anti-national, anti-reunification balderdash of those who are seeking division, treachery and confrontation without minding their p's and q's.

The analyst says:

The establishment of a peace mechanism in place of the existing armistice system is a matter which can be resolved only by the DPRK and the United States. The South Korean puppets, who neither are a signatory to the Armistice Agreement nor hold the operational control of the Army, have no right to thrust their nose into the issue.

It is impudent for them to cry for the "establishment of a peace regime" and a "solution to the issue between the North and the South, the parties concerned," in a bid to poke their nose into the issue.

While talking about the "setting up of a peace regime by the North and the South", they are claiming that the issue requires "cooperation and support of the nations concerned." This is really a nonsense only traitors can talk in the hope for fooling public opinion.

The traitor Kim Yong-sam's lip-service to "respect for the North-South agreement and the building of confidence" is prompted by a sinister purpose to cover up his divisive nature. And his provocative utterances that he "hoped for the North's stability" are nothing but a last-ditch effort to divert elsewhere the South Korean people's attention from the North.

The puppets had better stop nonsense and step down from power, as demanded by the people.

#### **South Said Insulting Remains of Hong Pom-to**

*SK2308154095 Pyongyang KCNA in English  
1533 GMT 23 Aug 95*

["S. Korean Authorities Insult Remains of Hong Pom-to" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — The South Korean authorities are even insulting the remains of patriotic forerunners in a bid to coat the flunkeyist, traitorous, "civilian government" with "national identity." This is an unheard-of heinous crime.

These days they try hard to move the remains of Hong Pom-to, commander of the anti-Japanese volunteers, from [word indistinct] in Kazakhstan to the "national cemetery" in Tongjak-tong, Seoul. They published false political reports in local Koreans' newspapers, spread the rumour about "change of the burial site of Hong's remains" among Korean nationals, bribed people with dollars and disguised some guys as descendants of Hong Pom-to.

The pro-Japanese, pro-American authorities of South Korea have so far ignored the anti-Japanese patriotic martyrs and their descendants. But these years they are making a [word indistinct] exhuming the remains of martyrs, burying them in another place and inviting children of independence fighters to Seoul.

Lurking behind this campaign is a sinister intention to use the names of patriotic martyrs to coat the "civilian government" with "national identity" and beautify their treacheries as patriotic activists.

Hong Pom-to was one of patriotic martyrs. When he could not continue the independence movement in Korea and Manchuria, he rejected the appeasement policy of Japanese imperialism, went to see Lenin to win support for the anti-Japanese national-liberation movement and joined the Soviet Red Army in unyieldingly fighting the Japanese imperialist aggressors in the maritime region of the Soviet Union.

He died without seeing the nation's liberation and had to be buried in a foreign land instead of Pyongyang, his hometown, because his homeland was under colonial rule of Japanese imperialism.

Hong Pom-to's anti-Japanese independence spirit can by no means be found in South Korea.

The successive South Korean authorities have turned South Korea into a dual colony of the United States and Japan through heinous treacheries.

The "political ideal" of the present "civilian government" is flunkeyism and treacherous idea to maintain



the vested interests of the traitors under the domination of outside forces.

The Kim Yong-sam regime, though vociferating about "national identity," inherited the idea of dependence on outside forces from the preceding pro-Japanese, pro-American elements, of the anti-Japanese independence spirit of the independence fighters.

Kim Yong-sam and the "ministers of the civilian government" were born into families of pro-Japanese elements and were raised as flunkeyist traitors when the independence fighters were fighting against Japan.

Kim Yong-sam is an A-class pro-Japanese element. He pursued the policy of depending on Japan more than his preceding dictators and Japanised South Korea so that it is called "prostitute" for Japan.

Last year, the authorities returned the traitor Yi Wan-yong's property amounting to six billion won to his great grandson through "legal" proceedings. Meanwhile, a bill of "special law on restoration of national identity" prepared by descendants of independence fighters against the return was turned down at the "National Assembly." This was a tragicomedy that could be seen only in South Korea under pro-Japanese politics.

Kim Pong-u, director of the Institute of Anti-National Affairs in South Korea, recently said: "Our society has turned into a pro-Japanese society where the nation is ignored and division, dictatorship and corruption hold sway. The issue of pro-Japanese elements must be settled for reunification and prosperity of the nation."

This reflects the people's will to settle their accounts with the authorities' pro-Japanese treacheries.

By "changing the burial site" of the remains of some independence fighters and currying favor with their children, the South Korean authorities aim to lull the surging anger of people and bury their pro-Japanese treacheries in historical obscurity.

They are mistaken, however.

If Hong Pom-to and the martyr An Chung-kun had witnessed traitors try patriots and pro-Japanese elements punish anti-Japanese fighters as in South Korea, they would have lost no time to draw the sword in anger.

If the remains of anti-Japanese independence fighters are exhumed and buried in South Korea under the rule of pro-Japanese traitors, it would mean lacerating their bodies once again.

If the anti-Japanese patriotic martyrs knew they were laid side by side with pro-Japanese elements in the land replete with the Japanese style and way of life they

hated so much in their lifetime, they would shed blood in their graves.

What the South Korean authorities are seeking by transferring Hong's remains to Seoul is also to disintegrate and alienate Koreans overseas, make some of them their companions in pro-Japanese flunkeyism and treachery and justify their anti-national crimes.

Well aware that their act is a crime, the South Korean authorities are bribing some people and letting them vindicate its "reasonableness."

If there is somebody who agrees with them and helps them in their political swindle, he will never extricate himself from the sense of guilt for insulting the patriotic forerunners.

The South Korean authorities apparently think that if they, traitors and pro-Japanese elements, transfer Hong's remains to Seoul with the help of money, they will be called patriots and anti-Japanese elements. Such an act, however, is a threefold crime of killing the martyrs' ideology. It will result only in bringing their flunkeyist, treacherous nature into bolder relief.

The transfer of his remains to Seoul is wholly contrary to ethics and morality, to the customs handed down through generations and the martyr's lifetime intention.

The Koreans consider it as old customs that if one died, he is buried in his native place where there is his parents' graves and where there are his friends.

Burying patriotic martyrs' remains in their hometowns is compatible with ethics, morality and the customs of the Korean nation.

Hong's remains should be moved to Pyongyang, not to Seoul.

His hometown is Pyongyang where there are his ancestors' graves and his descendants.

Transferring his remains to Pyongyang is only too natural in view of ethics and morality and of the nation's customs.

What he desired in his lifetime has been realised in the North. True patriotism and the spirit of national independence, which he desired so ardently when he was alive, prevail in the North.

The North that is prospering under the politics of national independence is a genuine homeland where not only Hong but all other patriotic martyrs should be buried.

After the country was liberated, in the South Kim Ku, Yo In-hyong and many other people who fought for



the independence of the nation were assassinated or deported by pro-Japanese and pro-American stooges. But in the North, Yi Yong, Kang Chin-kon and all other champions of independence enjoyed a genuine patriotic life, assuming important posts of the party and the government such as the first minister of city management and the chairman of the union of peasants.

All of them were buried in the Patriotic Martyrs' Cemetery in Pyongyang so that they still enjoy high respect and love from posterity.

Hong's remains, too, should be buried in the Patriotic Martyrs' Cemetery. This is what the posterity is obliged to do to realise his lifetime intention.

The South Korean authorities have neither justification nor right to touch his remains.

#### **KCNA Views South Reform School Fire**

*SK2308110595 Pyongyang KCNA in English  
1022 GMT 23 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — Papers here today comment on the fire which broke out at a women's reform school in Yongin County, Kyonggi Province, on Monday, leaving some 60 people dead or wounded.

It is only too natural that South Korean people of all walks of life are attributing the recent fire to wanton human rights abuses of the school authorities and bitterly denouncing the puppet clique for fuelling and conniving at them, an analyst of NODONG SINMUN says, and continues:

Such shocking disasters as the collapse of Songsu Bridge, the explosion of gas in Taegu and the collapse of the Sampung Department Store and the recent fire which burnt a school lock, stock and barrel, and which caused heavy casualties are all attributable to policies pursued by the traitorous clique that is clearly indifferent to the lives of the people.

A MINJU CHOSON analyst notes that the recent fire is an inevitable product of the anti-social rule of the Kim Yong-sam group and its human rights violation.

#### **Committee Urges Japan To Investigate Incident**

*SK2408053795 Pyongyang KCNA in English  
0450 GMT 24 Aug 95*

[All quotation marks as received]

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — The chairman of the DPRK committee for investigation into damages caused by Japanese imperialists' occupation of Korea issued a press state-

ment on August 23, 50 years since explosion of the vessel "Ukishima-Maru" committed by the Japanese militarists.

The Japanese militarists' vessel 'Ukishima-Maru' with an explosive set sail on August 22, 1945, with more than 540 Koreans on board. The Japanese blew off the vessel on voyage on August 24 near Maizuru port, mercilessly killing the Koreans, and shut the narrow-escapers up in a marine camp near the port and murdered more than 50 people by blasting off a steam tank.

"The crime clearly showed that the Japanese militarists were, indeed, the devils ever in world's history for their inhumanity, brutality, craftiness and viciousness and the Korean people's sworn enemy who should meet a stern punishment by history," the statement said, and continued:

"In view of all sorts of anti-ethical behaviours committed by Japan against the Korean people in the past, the 'Ukishima-Maru' explosion is only a small part of the whole.

"No matter what petty tricks Japan may employ to gloss over her crimes even now 50 years since her defeat in World War II, the tricks will never work on the Korean people.

"Japan must not try to avoid the responsibility for the crimes she had committed in the past, but make a thorough investigation into the truth behind them, open it to the public, take a strict measure for punishing those responsible, make an apology and adequate compensation. "If Japan tries to bury her past crimes in obscurity of history, she will meet condemnation and denunciation from the Korean people through generations and leave a shameful stigma in history forever."

#### **Russian Envoy Hosts Liberation Day Banquet**

*SK2308043695 Pyongyang KCNA in English  
0415 GMT 23 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — Russian ambassador to Korea Yuri Fadeyev gave a banquet at his embassy on Tuesday on the occasion of the 50th anniversary of Korea's liberation.

Invited there were vice-premier of the Administration Council of the DPRK Kim Hwan, chairman of the State External Economic Affairs Commission Yi Song-tae, vice-minister of Foreign Affairs Yi In-kyu, Lieutenant General of the Korean People's Army Pak Sung-won, chairman of the Korea-Russia Friendship Association Yi Pong-hui and other officials concerned.

Speeches were made at the banquet.



**Cuba News Conference Hails Anniversary***SK2308111195 Pyongyang KCNA in English  
1014 GMT 23 Aug 95*

[FBIS Transcribed Text] Havana, August 21 (KCNA) — Pak Kwang-ki, chief of the mission of the National Democratic Front of South Korea in Cuba, called a press conference on August 17 on the occasion of the 26th anniversary of the NDFSK.

The NDFSK is a guiding force that defends and speaks for the genuine interests of South Korean people.

Its predecessor is the revolutionary party for reunification.

South Korean vanguard fighters formed an underground preparatory committee to found the party on March 15, 1964, and declared the founding of the party in Seoul on August 25, 1969. The party was renamed the National Democratic Front of South Korea at a general meeting of the party Central Committee which was held in Seoul on July 27, 1985.

Pak Kwang-ki told the press conference that the NDFSK grew in strength as a powerful vanguard organisation which has gained popular support and trust and took root deep among the people through its unremitting struggle.

The *chuche* idea, the guiding idea of the NDFSK, has rapidly been disseminated among workers, religionists, men of education, the press, culture and art, dissidents, to say nothing of students of South Korea, and rooted deep in their hearts, he said.

He denounced the Kim Yong-sam group for brutally suppressing the *chuche* idea follower on the strength of the "National Security Law."

The NDFSK and South Korean people that are advancing under the banner of the *chuche* idea provided by the outstanding leader of the nation Kim Chong-il will achieve the final victory in their struggle without fail, he added.

**Nepalese Envoy, Mongolian Official Visit***SK2408053095 Pyongyang KCNA in English  
0444 GMT 24 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — Newly- appointed Nepalese Ambassador to the DPRK Tulsi Lal Amatya and a delegation of the Federation of Peace and Friendship Organizations of Mongolia led by its chairman B. Ligden respectively called at the statue of the great leader President Kim Il-song on Mansu Hill on Wednesday and Tuesday to lay bouquets and make bows.

**Nepalese Party Member on Reunification***SK2308111095 Pyongyang KCNA in English  
1010 GMT 23 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — Chairman of the C.C., the Nepal Worker-Peasant Party Narayan Man Bijukchhe who took part in the grand national reunification festival celebrating the 50th anniversary of Korea's liberation said, in an interview with the KCNA before returning home, that the reunification of Korea must be realized by the method of confederacy.

"Through the festival, the entire Korean people clearly demonstrated the steadfast will and mettle to realize, on any account, the national reunification, the cherished desire of the nation, in the 90s," he said, adding:

"The Kim Yong-sam 'regime' of South Korea has fully revealed its stand on reunification by cracking down upon the people's movement for reunification.

"The South Korean authorities can never dampen the will of the people to achieve reunification.

"The 10-point programme of the great unity of the whole nation set forth by the great leader President Kim Il-song is a just and aboveboard proposal acceptable to anyone who wants reunification."

"The Korean people in the North, South and overseas who are struggling in unity under the banner of the programme," he said, "will realize the country's reunification without fail."

**Indian, Malian Presidents Support People***SK2308152195 Pyongyang KCNA in English  
1503 GMT 23 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — The Indian president and the Malian president and prime minister supported the righteous cause of the Korean people.

Indian President Shankar Dayal Sharma said when he met with the Korean ambassador to India as follows:

"Whenever I think of the DPRK, I look back with deep emotions on the days when I was received by the great leader his excellency President Kim Il-song during my visit to Korea on the occasions of his 70th and 80th birthdays.

"I will never forget his great personality and warm magnanimity.

"I am glad to see that everything is done well in Korea under the wise leadership of the dear leader His Excellency Kim Chong-il."



The unexpected death of the great leader Comrade Kim Il-song is the biggest loss not only for the Korean people but also for the Malian people. Malian President Alpha Oumar Konare said this when he met with a delegation of the Workers' Party of Korea [WPK].

He expressed the belief that the Korean people would accomplish the revolutionary cause pioneered by Comrade Kim Il-song, the great leader, to the end under the wise leadership of the great leader Comrade Kim Chong-il.

Malian Prime Minister Ibrahima Boubacar Keita who is chairman of the Executive Committee of the African Party for the Solidarity and Justice said that his party values the friendly relations with the WPK which is staunchly struggling to safeguard the dignity of the people and would invariably support the struggle of the Korean people for the reunification of the country.

**Kim Yong-nam Greets Yugoslav Foreign Minister**  
*SK2308152995 Pyongyang KCNA in English*  
1459 GMT 23 Aug 95

[FBIS Transcribed Text] Pyongyang, August 23 (KCYNA) — Foreign Minister of the DPRK Kim Yong-nam sent a message of greetings to Milan Milutinovic [spelling of name as received] on his appointment as foreign minister of Yugoslavia.

The message sincerely wished him success in his work and expressed the belief that the friendly and cooperative relations between the two countries would further develop in the future.

**Wangjaesan Music Ensemble Departs for PRC**  
*SK2208232695 Pyongyang KCNA in English*  
1507 GMT 22 Aug 95

[FBIS Transcribed Text] Pyongyang, August 22 (KCNA) — The Pyongyang Wangjaesan Light Music Ensemble led by Kwon Hyok-pong left for China on Tuesday.

It was seen off at the airport by Kim Myong-nam, first vice-minister of culture and art, and other officials concerned and a councillor of the Chinese embassy in Pyongyang.

**Peruvian Party Views 'Immortal Chuche Idea'**  
*SK2308152295 Pyongyang KCNA in English*  
1507 GMT 23 Aug 95

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — A seminar on the immortal chuche idea was held at the Conference Hall of the People's Front of Workers, Peasants and Students of Peru on August

15 on the occasion of the 50th anniversary of Korea's liberation.

Chairman of the front Genaro Ledesma Izquieta [spelling of name as received], in an opening address, said the Korea's liberation was a new epochal event in the worldwide struggle for national liberation against imperialism as a victory of the chuche idea founded by the great leader Generalissimo Kim Il-song.

"Our party that takes the chuche idea as a guideline in its activities is convinced of the validity and vitality of the chuche idea," he said.

The speakers at the seminar highly praised the exploits the great leader Comrade Kim Il-song performed in his ideological and theoretical activities and leadership, and hoped that the Workers' Party and the people of Korea would register a big success in their struggle for accomplishing the cause of Korean-style socialism and the cause of national reunification, with the chuche idea as their banner, under the wise leadership of the great leader Comrade Kim Chong-il.

"Peru's Paean to Korea" written by the chairman of the front was recited at the seminar.

**WPK Hosts Reception for Italian Delegation**  
*SK2308045395 Pyongyang KCNA in English*  
0423 GMT 23 Aug 95

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — The Workers' Party of Korea [WPK] Central Committee gave a reception for the visiting delegation of the Communist Re-establishment Party of Italy here on Tuesday.

Invited to the reception were the members of the delegation led by Mario Brunetti, a member of the party's leadership.

It was attended by secretary of the WPK Central Committee Hwang Chang-yop and officials concerned.

Speeches were made at the reception.

**Foreign Party Leaders Support People's 'Cause'**  
*SK2408103095 Pyongyang KCNA in English*  
1001 GMT 24 Aug 95

[All names are as received]

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — The president of the National Union for the Development and Democracy of Madagascar, Emanuel Rakotobahiny, when he met the DPRK ambassador to his country on August 17, said they are pleased with the fact that the great leader His Excellency Kim Chong-il is creditably carrying forward to



accomplishment the revolutionary idea and the cause of chuche of the great leader His Excellency President Kim Il-song.

"Korea has become a model of the world people in the struggle for defence of the nation's independence and dignity and against imperialism," he said, adding: "The Madagascan people are convinced that Korea will be reunified without fail under the wise leadership of the great leader His Excellency Kim Chong-il.

"We will, in the future, too, actively support the Korean people's cause of national reunification."

The chairman of the National Executive Committee of the Institutional Revolutionary Party of Mexico, Maria de los Angeles Moreno, when he met the DPRK ambassador to his country on August 16, said his party's leadership respects the peace-loving and independent policy advanced by the great leader Comrade Kim Chong-il.

"My party sincerely hopes that the Workers' Party and the people of Korea will continue in the future, too, to register brilliant successes in accomplishing the just cause of attaining the country's prosperity," he said.

Zdenek Klanica, vice-chairman of the C.C. [Central Committee], the Czechy-Morava Communist Party, when he paid a call at the DPRK Embassy to congratulate the DPRK on the 50th anniversary of Korea's liberation, said his party will always stand by the Korean people struggling for the just cause.

#### **Foreign Party Leaders Greet Kim Chong-il**

*SK2408053195 Pyongyang KCNA in English  
0441 GMT 24 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from Leslie Ram-sammy, leader of the United Republican Party of Guyana; Llewelyn John, leader of the People's Democratic Movement of Guyana; Peter Persaud, leader of the AmerIndian Action Movement of Guyana; and Dogu Ferincek, chairman of the Workers' Party of Turkey, on the occasion of the 50th anniversary of the liberation of Korea.

Messages say that the liberation of Korea achieved under the leadership of the great leader President Kim Il-song put an end to the colonial rule of Japanese imperialism and commanded the admiration of the world's people.

The great exploits of President Kim Il-song will continue shining under the wise and energetic leadership of Comrade Kim Chong-il, stress messages.

They extend firm solidarity with the Korean people in their efforts for the reunification of the country.

They sincerely wish Comrade Kim Chong-il a long life in good health.

Comrade Kim Chong-il received a message of greetings from the Central Committee of the Communist Party of India (Marxist) on the occasion of the 50th anniversary of the liberation of Korea.

#### **Foreign Visitors Visit Kumsusan Memorial Palace**

*SK2408054695 Pyongyang KCNA in English  
0522 GMT 24 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — A delegation of the Communist Re-Establishment Party of Italy led by member of its leadership, Mario Brunetti and a delegation of Sakai Minato City, Japan, headed by its Mayor Tetsuo Kuromi on Wednesday visited the Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in state and paid homage to him.

Tetsuo Kuromi wrote in a visitor's book that he sincerely prays for the eternal life of His Excellency President Kim Il-song who devoted his whole life for the country's liberation, the socialist construction and the people and who enjoyed boundless respect from the Korean people.

Earlier, the delegations called at the statue of President Kim Il-song on Mansu Hill to lay bouquets and make bows.

#### **Foreign Papers Carry Kim Chong-il's Work**

*SK2308053195 Pyongyang KCNA in English  
0416 GMT 23 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 23 (KCNA) — "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism", a famous work of the great leader Comrade Kim Chong-il, was carried by the Russian paper ROSISKAYA PRAVDA, the Bulgarian paper TRIBUNA, the Ukrainian paper TABARISHI and the Egyptian paper AL SHABABUL ARABI.

And, the Pakistan-Korea Friendship Association published the work in bulletin.

The bulletin noted His Excellency Kim Chong-il has made one more historic contribution by clarifying how socialism should be built, on the basis of scientific analysis of present era.



**Daily Views 'Following' Kim Chong-il's Traits**  
*SK2408103195 Pyongyang KCNA in English*  
1008 GMT 24 Aug 95

[*"Korean People Take After Comrade Kim Chong-il in Noble Traits" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — The Korean people are living in accordance with the idea, will, grit and spirit of respected Comrade Kim Chong-il, learning from his noble traits, says NODONG SINMUN in a by-lined article today.

The article quotes the great leader Comrade Kim Il-song as saying:

"There is no party and people in the world greater than those taking after their leader."

The article says:

Comrade Kim Chong-il is the greatest in ideology, will, grit and spirit and in morality, obligation, emotion and feeling. He has distinguished natural gifts and qualification which nobody can match.

Today the Korean people have become a great people with noblest mental and moral traits by following his great traits. They are the most revolutionary people who are living and making revolution in accordance with the idea and will of the great leader Comrade Kim Chong-il.

With his idea and will as their revolutionary faith and principle, they are holding high the banner of revolution, the banner of socialism without slightest vacillation in any storm and devotedly struggling for the independence of popular masses and the victory of socialism, advancing along the correct path.

Any harmful idea cannot pervade them, who take his idea as the weapon of struggle and victory. Only the leader's idea and will and the faith of chuche prevail in our society.

With the grit and spirit given by Comrade Kim Chong-il, our people are advancing dynamically, while overcoming any difficulties and hardships.

They, who have a strong spirit of independence and inexhaustible creative power, are steadfastly defending the nation's dignity and sovereignty from the imperialist coalition and winning the greatest victory under the most unfavorable conditions. Such a heroic spirit and grit of theirs are just like those of Comrade Kim Chong-il.

Guided by the great leader, they have a strong will and courage of knowing no vacillation under whatever

situation and the revolutionary spirit of continuously advancing in any trials.

Ours is the purest and noblest people who have keenly felt Comrade Kim Chong-il's strong sense of morality and obligation, deep emotion and sentiment.

He is not only a personifier of perfect morality and obligation but a great man who has deep human emotion and sentiment on the highest level. He has boundless love for the people and emotional feelings.

Taking after him, all our people have been possessed of noble and beautiful emotion and humanness. They live with deep emotion, loving each other, and work hard with revolutionary optimism and vigor, loudly singing the songs of revolution and struggle.

**Party Functionaries Move to Farms**

*SK2308102095 Pyongyang Korean Central Broadcasting Network in Korean*  
2100 GMT 22 Aug 95

[FBIS Translated Text] The great leader [yongdoja] of our party and leader Comrade Kim Chong-il sent thanks messages to Yang Hyong-sik, director of the Kaesong Municipal Statistics Bureau; Song Tae-kyu, primary party secretary at the Kosan County Automobile Office; Yim Chong-chol of the Political Department of the Chagang Provincial Security Bureau; Kim Son-kuk, chairman of the management committee of the Sorim Cooperative Farm in Yomju County; and their families for their contribution to strengthening the position of socialist farms.

Upon the thundering news of the great leader's [suryong] death, Yang Hyong-sik, director of the Kaesong Municipal Statistics Bureau, reviewed his work and felt guilty about not having devoted all his loyalty to the leader. He decided to devote his humble self to thoroughly implementing the fatherly leader's will to widen the difference between the North and South like that between the sky and earth and moved to Sukchon Cooperative Farm in Changpung County with his entire family.

Song Tae-kyu, primary party secretary at the Kosan County Automobile Office, said that party functionaries should lead the work to implement the party's policy more than anyone, and showed an excellent deed by moving to Chukkun Cooperative Farm in Kosan County with his mother, wife, sons, and daughters in early July.

Yim Chong-chol of the Political Department of the Chagang Provincial Security Bureau worked as a party propaganda functionary at public security agencies during the past 10 years. Like his father, who devoted all his



loyalty to the great leader [suryong] working as the chairman of the management committee of Hyangha Cooperative Farm in Changgang County for a long time, he decided to please the respected and beloved general by increasing grain production and moved to the farm with his family.

Kim Son-kuk, chairman of the management committee of Sorim Cooperative Farm in Yomju County, and his family are warmly taking care of Chang Kyu-hun, a reporter of KOREA CENTRAL NEWS AGENCY who moved to the farm to uphold the party's intention, like real parents.

When the great leader [yongdoja] Comrade Kim Chong-il received the report on their deeds, he showed great mercy to them by having party organizations actively help these good comrades. Upon receipt of the great trust and love of the respected and beloved general — who highly appraised them for merely doing their duty as revolutionary fighters who grew up in the bosom of the party and the leader [suryong], and even sent thanks messages to them — the functionaries and their families were filled with revolutionary zeal to devote all their wisdom and passion to realizing and bringing to fruition the fatherly leader and our party's construction plan for socialist farms.

#### **Group Team Members Construct Methane Gas Plant**

*SK2408014095 Pyongyang Korean Central Broadcasting Network in Korean  
1200 GMT 23 Aug 95*

[FBIS Translated Text] Aspiring to vigorously welcome the 50th anniversary of the party founding with high political enthusiasm and brilliant labor results, members of the three revolutions team movement dispatched to the Chonsong Youth Mine have built a new methane gas plant.

Hundreds of cubic meters of methane gas are being produced daily at this newly built methane gas plant. Transportation equipment are operated at this mine run on the methane gas produced here, and the gas is wisely used in (?restaurants).

#### **Excursion Team of Soldiers Departs for Mt Paektu**

*SK2408054895 Pyongyang KCNA in English  
0454 GMT 24 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 24 (KCNA) — An excursion team of young vanguards of three services of the Korean People's Army (KPA) started a march to the Mt. Paektu revolutionary battle site.

The march, attended by 3,500 young servicemen selected from units of three services of the KPA, will cover 400 km course from Hyesan, Yanggang Province, to Pochonbo, Samjiyon and Taehongdan, Mt. Paektu, the sacred mountain of revolution, and the Mt. Paektu secret camp, the holy land of revolution.

The team had a starting meeting on Wednesday in front of the monument to the victory of Pochonbo battle erected in Hyesan City, the entrance to the revolutionary battle site, and laid a floral basket before the statue of the great leader President Kim Il-song and made bows.

The reporter and speakers at the meeting recalled that the great leader Comrade Kim Chong-il, 39 years ago, made an excursion to Mt. Paektu, the first of its kind, with the lofty aim to resolutely safeguard, maintain and exalt for all ages the glorious revolutionary traditions of the Workers' Party of Korea.

They noted that during the excursion all marchers should train themselves politically, ideologically and physically, prepare themselves better to be creditable young vanguards of the party and make it an important occasion of displaying their mettle.

After the meeting, the marchers left for the Mt. Paektu revolutionary battle site.

#### **Factory Manufactures New Efficient Loaders**

*SK2208233195 Pyongyang KCNA in English  
1506 GMT 22 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 22 (KCNA) — The August 28 Factory of Korea is manufacturing new efficient loaders.

Among them are an electric loader and a side-raker loader, which are much higher in technical and economic efficiency than the preceding loader.

The electric loader's power consumption is one tenth and its operation speed is 20 percent higher, as compared with the air loader.

This loader, which uses no compressed air, is available in any place in disregard of the pit condition. It is the main good point of this machine.

And the machine is easy to operate and to repair at coal mines.

The side-raker loader, too, is highly efficient in operation and designed for convenient use.

The design of those loaders has been perfected on the basis of merits and demerits which were found through test operations at faces of coal mines.



The newly-manufactured loaders, greatly conducive to further increasing the level of comprehensive mechanization of pit work, are a present of the workers at the factory to the 50th anniversary of the foundation of the Workers' Party of Korea.

**Heating Methods To Help Save Electricity Viewed**

*SK2308063095 Pyongyang Korean Central Television Network in Korean 1100 GMT 22 Aug 95*

[FBIS Translated Text] According to data by the Central Science and Technology Information House, if rational heating methods are adopted, a lot of electricity can be saved according to the characteristics of products.

What is noteworthy here is the induced heating method. This method does not heat the entire product, but heats only the part that needs heat treatment. Therefore, consumption of electricity is considerably reduced compared with other electricity heating methods.

Currently, in automobile and tractor plants in some countries, the induced heating method occupies from 30 to 40 percent of the overall heat treatment methods.

There are also other various new heating methods, such as ion heating, vacuum heating, plasma heating, and electronic line heating. If these methods are introduced, power consumption can be reduced by from 20 to 30 percent.

**South Hwanghae Power Stations Increase Output**

*SK2408013895 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 23 Aug 95*

[FBIS Translated Text] Small and medium-sized power stations in South Hwanghae Province are achieving great results by vigorously kindling the flames of the struggle to increase electricity production.

Small and medium-sized power stations were built at large waterways of large reservoirs in the province where the water catchment area basin and the water level are high. Electricity producers here are currently guaranteeing full operation and full capacity at every power generation facility, thus endlessly increasing the amount of electricity output.

Party members and workers of the Nos. 1, 2, 3, and 4 power stations of Changsuho improved operational methods according to the conditions of the changing water level, and actively established measures to enhance hydraulic turbine efficiency, thus, considerably increasing electricity production by water per tonne.

Party members and workers of the Kuam power station, Yei power station, and Singwang power station are

also guaranteeing normal operation at every power generation facility, thus, maintaining a high and steady rate of production.

**Plastic Necessities Plant on Output Increase**

*SK2408063095 Pyongyang Korean Central Television Network in Korean 1100 GMT 23 Aug 95*

[FBIS Translated Text] The working class at Nanam disabled veteran plastic necessities plant is further accelerating production while conserving electric power to the maximum by following the party's revolutionary economic strategy and by displaying the revolutionary spirit of self-reliance and fortitude.

Through its recent technological innovation movement the plant has introduced an all-purpose hydraulic device [chongap yuop changchi] in production. As a result, production has been regularized at a high level even without using 15 motors that were used in unit sets of facilities in the plant. Consequently, the plant's monthly and quarterly quotas have been overfulfilled.

Functionaries at this plant have mingled with producers to inculcate upon them the party's demands on conserving electricity to the maximum. They have taken measures for conserving electricity with producers. As a result, the plant has regularized production at a high level while conserving 12,000 kw of electric power every month.

In particular, members of the plastic work team have conserved large quantities of electricity and overfulfilled the daily production quota by 20 percent by properly carrying out facility management.

**South Korea**

**Daily Interviews U.S. Ambassador Laney**

*SK2408074195 Seoul CHUNGANG ILBO in Korean 24 Aug 95 p 4*

["Exclusive interview" with U.S. Ambassador to the ROK, James Laney, by CHUNGANG ILBO reporter Choe Won-ki on 22 August — place not given; first two paragraphs are the editor's note]

[FBIS Translated Text] In an exclusive interview by CHUNGANG ILBO on 22 August, James Laney, U.S. Ambassador to the ROK, emphasized: "Forcibly demanding North Korea to open up may bring about adverse reactions. It is important to lead North Korea to opening up by creating a comfortable atmosphere for North Korea."

Contents of the interview with Ambassador Laney follow:



[Reporter Choe Won-ki] The greatest point of contention which the ROK Government may have with the U.S. Government, if any, would be in the form of advancing all North-South relations, including light-water reactors, along the lines of "DPRK-U.S. agreement first, and ROK ratification later." What is your view on this?

[Ambassador Laney] The U.S. Government keenly understands the complaints of the ROK Government and people. Therefore, the U.S. Government is making all possible efforts to reflect the position of the ROK Government in all negotiations related to North Korea. For example, during North Korean-U.S. talks in Geneva in October 1994, we persuaded North Korea to include the provision on North-South dialogue in the agreement, even at the risk of rupturing the talks.

[Choe] Press reports, however, indicated that there were some differences in view between ROK President Kim Yong-sam and U.S. President Clinton.

[Laney] Generally speaking, the leader of a state has a strong character. On many occasions, very difficult decisions must be made in the name of national interests. I think that differences may have been the result of this, although I am not aware of any such discord between the two leaders. However, as we witnessed from official and unofficial meetings held on many occasions while President Kim Yong-sam was visiting the United States, including the summit between the presidents of the two nations, the two leaders were friendly, amicable, and intimate with each other at all times.

[Choe] Many speculate that North Korea's Kim Chong-il will officially take over power in October. In your capacity as U.S. ambassador, what efforts do you think the ROK Government should make to create a new atmosphere on the Korean peninsula? And will the United States invite Kim Chong-il to Washington or send an unofficial congratulatory delegation to Pyongyang?

[Laney] Our two nations [of the ROK and the United States] should, first of all, firmly maintain its power of military deterrence of North Korea, and at the same time, we need to continue watching to see if North Korea continues to maintain its nuclear freeze. We may come up with potential steps for gradually approaching North Korea based on this stance. For example, the U.S. Government may lift economic sanctions including trade restrictions and the freeze of properties against North Korea, as early as the end of this year or early next year. We should keep in mind that no one should forcibly demand North Korea's opening up and that if someone were to do so, the agreements we have reached may end in failure. In other words, we should create conditions comfortable for North Korea. Only thus, can we lead North Korea to opening up. I think the issue

of inviting Kim Chong-il appears to be very difficult, because he is not the head of state yet and North Korea's popularity in the U.S. Congress is remarkably lower than that of the ROK. (The ambassador said this with a smile.) Likewise, the issue of dispatching a delegation to the inauguration of Kim Chong-il's presidency appears difficult.

[Choe] What is the reason for the delay in the opening of the North Korea-U.S. liaison offices, which was originally slated for June, and when do you think they will open?

[Laney] The opening has been delayed due to some legal and technical problems that still remain unsolved. It seems that North Korea assesses that the early opening of liaison offices will not necessarily be beneficial to itself. Judging from all this, it is likely that the offices will open early next year, rather than this year.

[Choe] In actuality, the Armistice Agreement is in a powerless state at present. What is the position of the U.S. Government toward the issue of turning the agreement into a new peace system through the "two-plus-two" formula, which the ROK Government is currently studying?

[Laney] In the event that North and South Korea advocate the turning of the Armistice Agreement into a peace system according to the principle of parties concerned, the United States will be glad to play, together with China, the role of observer or guarantor.

[Choe] Now I feel I must ask questions about the issuance of visas for Koreans wishing to visit the United States. While the United States stresses "ROK-U.S. partnership" at every given opportunity, the United States actually discriminates between the ROK and Japan. It appears that the United States is reluctant to conclude a visa-free agreement with the ROK, while it has concluded one with Japan. We feel that this shows that the United States still regards the ROK as a "third-class country."

[Laney] No one is as anxious as I to conclude a visa-free agreement between the ROK and the United States. However, please understand that since this issue is under the jurisdiction of the U.S. Congress, a solution may take up much more time than we would like. The U.S. Embassy in the ROK has issued 400,000 visas this year. That is the highest figure among all the U.S. Embassies around the world. Indeed, with the ROK's rapid economic development, the demand of U.S. visas has increased tremendously. I would like to urge South Koreans to apply for visas sufficiently ahead of time, rather than just prior to their departure.



**U.S. Involvement in Nuclear Safeguards Sought**

*SK2408022795 Seoul THE KOREA HERALD  
in English 24 Aug 95 p 3*

[FBIS Transcribed Text] The Ministry of Science and Technology is actively promoting the development of nuclear safeguard technologies jointly with the United States.

The ministry is pushing for a number of joint projects, and the first is expected to be the training of personnel on nuclear material control, a ministry spokesman said yesterday.

The projects will be carried out in accordance with an agreement signed in September last year between the ministry and the U.S. Department of Energy (DOE).

The agreement calls for cooperation in research, development, testing, training and evaluation with respect to nuclear material control, accountability, verification, physical protection and advanced containment and surveillance technologies.

The ministry proposed in June that the two sides push for the fostering of experts on nuclear control as the first joint project.

The DOE is now studying the proposal, the ministry spokesman said, adding that the proposal is expected to be accepted.

The proposed project will likely be formally approved by a Permanent Coordinating Group which will be convened for its second meeting later this year.

The group is an organization which has been established to supervise the implementation of the 1994 agreement. The ministry and the DOE have designated two officials each as coordinators.

The training program is expected to begin early next year with an estimated annual cost of 160 million won.

"The joint projects will be of considerable help to us in fostering personnel and developing equipment and technologies for inspection of nuclear facilities," the ministry spokesman said.

The nation has revised the law on the use of nuclear power, calling for domestic surveillance of local nuclear power plants, in addition to those by the International Atomic Energy Agency.

"The development of inspection technologies will also help us secure international transparency about our nuclear activities," the spokesman said.

**South May Change North Policy-Making System**

*SK2408104395 Seoul TONG-A ILBO in Korean  
21 Aug 95 p 1*

[FBIS Translated Text] The ROK Government is reportedly considering an overall restructure of the policy-making system on North Korean affairs, which is facing a crisis following the confusion due to disagreement between the government offices on the rice aid for North Korea.

As the first step, the government is considering opening a new post of the special assistant for reunification in Chongwadae [presidential offices]. Currently, the senior secretary for foreign affairs and national security is responsible for reunification affairs, along with foreign affairs and national defense.

The special assistant for reunification will attend the meeting of the Unification and Security Policy Coordinating Committee and link the committee with the National Unification Board (NUB) and the president. The special assistant will also be an adviser to the president on North Korean affairs and reunification policies.

The government will also reactivate "the Strategy Planning Team for North Korean Affairs" and have the team hold a weekly meeting. Draft policies on North Korea will be thoroughly reviewed by working-level directors before they are submitted to the policy coordinating committee and the reunification-related ministers' meeting.

The meeting of the strategy planning team will be presided over by the NUB vice minister and attended by director-level officials from reunification-related government offices, including Chongwadae, the Foreign Ministry, the Defense Ministry, and the Agency for National Security Planning. The strategy planning meeting was rarely held this year, resulting in frequent collisions between government offices at the policy coordinating meeting over policies presented without coordination in advance.

The government is also considering reactivating the Secretariat of North-South Talks, an NUB organization which had little activities recently, and shifting some of the North-South exchange work to the secretariat.

The Secretariat of North-South Talks is a big organization in charge of supporting North-South talks and its progress. The secretariat was very active when North-South talks were frequent, but has been quiet for a while following the suspension of North-South talks. The secretariat was alienated in the rice talks as well. The government reportedly will soon open a meeting of



the Unification and Security Policy Coordinating Committee to examine the restructure plan for the policy-making system on North Korean affairs. Working-level work to implement the restructuring plan will start after the meeting.

A high-ranking government official said: "The government offices agree that something must be done for the policy-making system on North Korean affairs."

#### **China Promises Description of Probe Outcome**

*SK2408110895 Seoul YONHAP in English*  
1050 GMT 24 Aug 95

[FBIS Transcribed Text] Beijing, Aug. 24 (YONHAP) — The Chinese Government has promised to inform South Korea of the outcome of its probe into the disappearance of Rev. An Sung-un from Yanji as soon as the on-going investigation is wound up.

An official at the South Korean Embassy in Beijing said Thursday Zhang Hongxi, director of the Chinese Foreign Ministry's Consular Affairs Department, gave the word during a Korea-China consular directors meeting held here Wednesday.

Rev. An, a South Korean priest engaged in missionary activities in Yanji, disappeared from the capital city of the Jilin Province last month and later turned up in North Korea.

Pyongyang quickly claimed An defected to the North on his own whereas circumstantial conditions suggested he might have been kidnapped into North Korea.

Also at Wednesday's meeting, Zhang and his Korean counterpart, Kang Ung-sik, agreed to conclude a bilateral multiple visa agreement at an early date to facilitate stepped-up personnel exchanges.

The two sides further decided to exert continued efforts to resolve the issue of illegal fishing by Chinese fishermen inside South Korea's territorial waters.

Kang and Zhang, however, failed to narrow differences on the question of concluding a consular agreement and creating a South Korean Consulate General in Shenyang, the official added.

#### **Pact on Consular Affairs Signed With PRC**

*SK2408101095 Seoul YONHAP in English*  
0857 GMT 24 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 24 (YONHAP) — South Korea and China Thursday concurred in principle to sign an agreement that will protect the rights of their respective nationals while in the other's country and to facilitate the handling of consular affairs, a Foreign Ministry spokesman said.

The two sides also agreed during a two-day meeting in Beijing between chiefs of their Foreign Ministry Consular Affairs Bureaus that they would strengthen their cooperative efforts in order to prevent crimes by exchanging information and materials on illegal activity involving the two countries and by enhancing cooperation between law enforcement authorities of both countries, the spokesman said.

The meeting was represented by Director-general Kang Ung-sik of the Overseas Residents and Consular Affairs bureau on the Korean side and Kang's Chinese counterpart Zhang Hongxi.

During the meeting, the South Korean delegation proposed that a Consulate-general's office be set up in Shenyang, Liaoning Province, to effectively deal with the ever-increasing number of Korean tourists and businessmen visiting that northeastern region of China, the spokesman said.

China responded that it will consider the issue, the spokesman said.

The two sides also decided to sign an agreement on the issuance of multiple visas for visitors to the other's country while simplifying current visa issuing procedures.

South Korea and China also agreed to continue with their efforts to eradicate illegal fishing by Chinese boats in South Korean waters, according to the spokesman.

In addition, the Chinese side reaffirmed that they would inform South Korea as to the results of its investigation into the alleged kidnapping in July of a Korean pastor in Yanbian, northeastern China, as soon as the investigation is complete.

Concluding the first round of consular talks between the two countries, both delegations agreed to hold a second round in Seoul during the first half of 1996.

#### **Economic, Political Ties With PRC Viewed**

*SK2408015695 Seoul THE KOREA HERALD*  
in English 24 Aug 95 pp 2, 10

[Article by Kim Kyong-ho]

[FBIS Transcribed Text] Three years after the establishment of formal relations in 1992, South Korea and China enjoy benefits from their expanded economic cooperation but still remain far from forming a political partnership.

Despite the frequent exchange of visits between top leaders of the two countries, Seoul has not been so successful in getting Beijing to depart from its equal distance policy toward South and North Korea and give



a clear backing to its formula for solving inter-Korean issues.

South Korean officials have recently felt embarrassed at the lethargic investigation by the Chinese authorities into the alleged kidnapping of a South Korean pastor by North Korean agents, who had engaged in missionary work in the northeastern Chinese region.

They also seemed to be limited in dealing with the giant neighboring country when they belatedly issued a soft-worded statement condemning China's nuclear bomb test earlier this month.

Analysts say that China is unlikely to change its attitude of straddling both South and North Korea on sensitive security and political issues in the near future.

"It will still take a considerable time for practical interests from deals with the South to offset China's traditional friendship with the North," say Yu Sok-yul, professor at the Institute of Foreign Affairs and National Security, a think tank of the Foreign Ministry.

South Korea and China have expanded trade and other economic cooperation at a rapid pace certain to exceed expectations of the foreign ministers of the two countries who signed an agreement on normalization of ties in Beijing three years ago today.

Bilateral trade, which remained at \$4.44 billion in 1991, jumped 2.6 times over three years to \$11.66 billion last year. China has emerged as the third largest trading partner for South Korea following the United States and Japan, with South Korea ranked sixth on the list of China's trading partners.

South Korean trade officials predict two-way trade will reach the \$50 billion mark by 2001.

China is also the destination for the largest amount of South Korea's overseas investment. Up to last May, South Korean companies have invested \$2.12 billion in China on approval basis, which accounted for 19 percent of the sum of their foreign investment.

The number of travelers between the two countries also skyrocketed from 15,261 in 1991 to 235,452 last year, recording more than a 15 times increase.

During the visit to Beijing by Prime Minister Yi Hong-ku in May, South Korean and Chinese officials agreed to enhance the level of bilateral economic cooperation to "industrial alliance" mainly to counter the economic expansion of Japan. South Korea and China have chosen five major areas for industrial cooperation — nuclear energy use, medium-size passenger plane, autos, high-definition TV and electronic switching board.

Yi's trip to Beijing was the latest in a series of exchange visits between top leaders of South Korea and China for the past three years.

Then South Korean President No Tae-u visited China in September 1992, one month after the formal signing of a normalization agreement.

President Kim Yong-sam made a trip to Beijing in March last year, which was followed by a visit to Seoul by Chinese Premier Li Peng last October.

Besides their summit talks in Beijing, President Kim and Chinese President and Communist Party chief Jiang Zemin also held two separate meetings in November 1993 and 1994 when they attended meetings of leaders of Asia-Pacific Economic Cooperation (APEC) forum.

Jiang is scheduled to travel to Seoul in November on his way from an APEC summit in Osaka, Japan, becoming the first Chinese head of state to visit here.

Despite the strengthening economic ties and personnel exchanges, South Korea has often seen China giving support, albeit not so explicitly, to North Korea's position on major security issues on the Korean Peninsula.

Seoul and its allies had to give up their attempt to impose a U.N. sanction against the North at the height of a crisis over its nuclear weapons program as China suggested it would veto a sanction resolution at a Security Council vote.

China also withdrew, or recalled as it claims, its delegates to the Military Armistice Commission, which oversees the truce system on the Korean Peninsula, last September at the request of Pyongyang.

The move was apparently inconsistent with Beijing's position that the armistice arrangement should remain in effect until a new peace regime is worked out.

South Korea also seems to have so far failed to secure clear support from China for its preferred "two plus two" formula for building a new peace mechanism on the peninsula, under which South and North Korea will sign a peace agreement between themselves and the United States and China will endorse it.

North Korea has demanded to sign a new peace treaty with the United States, which it claims should replace the current armistice system.

Observers here believe China's dual attitude toward issues involving the two Koreas is also well shown in the long delay in notifying Seoul of the outcome of its investigation into the alleged abduction of a South Korean pastor.



North Korea's propaganda machines have claimed the pastor, An Sung-un, who disappeared in China on July 9, defected to the North, while the Seoul government says he was taken to the North against his will.

The illegal operation by Chinese fishing boats off South Korea's western coast has also emerged as a major issue of contention between the two countries.

What has increasingly gripped South Korean policy-makers' attention is the possible impact of the worsening U.S.-Chinese relations on South Korea's relations with China and the situation on the Korean Peninsula.

Hwang Pyong-tae, South Korea's ambassador to Beijing, cautioned that deteriorating discord between Washington and Beijing could spark conflict on the peninsula.

He emphasized South Korea should come forward to play an active mediating role between the two superpowers.

#### **DLP Chairman, Vice Speaker Comment on Unity**

*SK2408022695 Seoul YONHAP in English  
0157 GMT 24 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 24 (YONHAP) — Ruling Democratic Liberal Party (DLP) Chairman Kim Yun-hwan [initial YONHAP version read "Secretary-General Kim Yun-hwan"] and Vice Speaker Yi Han-tong met at the Silla Hotel in central Seoul Wednesday evening to discuss intra-party unity and preparations for the general elections slated for next April.

Leaving the meeting, the two DLP leaders expressed satisfaction with the results of their encounter and said, "We've decided to cooperate with each other for the integration of the party and to ensure victory in the forthcoming general elections."

At the tete-a-tete proposed by Kim, the new chairman [initial YONHAP version read "secretary-general"] reportedly asked for Yi's cooperation with efforts to achieve solidarity in the Minjong faction, which is comprised of figures from the former military regimes, while Yi was said to have stressed the need for unity with the general elections around the corner.

The meeting between the two party officials, considered somewhat to be rivals within the Minjong faction, the first of its kind since the inauguration in 1993 of the Kim Yong-sam government, will be conducive toward securing the unity of the Minjong faction, a political analyst opined.

#### **President Names New BOK Governor**

*SK2408011995 Seoul YONHAP in English  
0052 GMT 24 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 24 (YONHAP) — President Kim Yong-sam on Thursday appointed Yi Kyong-sik, former deputy prime minister and economic planning minister, the new governor of the Bank of Korea (BOK).

Yi will succeed Kim Myong-ho who tendered his resignation to assume responsibility for the theft by a former employee of the central bank's Pusan branch of a large amount of old 10,000-won bank notes which had been taken out circulation to be destroyed.

President Kim named Yi chief of the BOK's top post because he feels the new governor is capable of realizing the bank's internal reforms as well as of settling the problems resulting from the theft of the old bank notes, Presidential Spokesman Yun Yo-chun said.

The new BOK governor served as the first economic planning minister since the inauguration of the present civilian government in 1993.

A native of Uisong, North Kyongsang Province, Yi, 62, graduated from Korea University's Commerce College and began his vocational career at the Bank of Korea before being named to the former Economic Planning Board (EPB).

Yi also served as vice communications minister and senior presidential secretary for economic affairs.

#### **New DLP Official Views Candidate Selection**

*SK2408063795 Seoul YONHAP in English  
0531 GMT 24 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 24 (YONHAP) — The ruling Democratic Liberal Party (DLP) plans to select its candidates for next year's general elections based on the likelihood they would win their electoral districts, DLP Secretary-general Rep. Kang Sam-chaе said Thursday.

"We will take into account overall factors including their contribution to the party, regional representation, confidence and popularity when we nominate candidates for the 15th general elections," he told reporters at his home.

After the 43-year-old Kang was appointed as the ruling party's secretary-general, there have been wide-ranging speculations that the DLP may nominate as its candidates for the upcoming general elections relatively younger politicians in most cases and that those who



belong to the "Minju" faction will be favored in the nominations.

Minju faction members consist of lawmakers loyal to President Kim Yong-sam since the days when he was an opposition leader struggling against the previous military governments.

Rep. Kang said, "The appointment of a Minju faction member in his forties as secretary-general does not necessarily mean that the party will nominate its candidates merely on the basis of age and factional affiliation."

He added that since the ruling party should win the general elections, it would not nominate those who are not very popular in their electoral districts even if they are incumbent lawmakers.

"And, Minju faction members are no exception to this rule," he said.

#### **DLP Urges Presidential Reelection System**

*SK2408102895 Seoul YONHAP in English*  
*0902 GMT 24 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 24 (YONHAP) — A key post holder of the ruling Democratic Liberal Party [DLP] on Thursday tossed the idea of enabling a president to seek a second term as a means of settling the problems of a generational shift in political leadership and regional rivalries.

Rep. Son Hak-kyu, spokesman for the party, presented the proposal at a debate session sponsored by the "Citizens' Alliance for Monitoring Parliamentary Politics" headed by Prof. Pak Ho-sung of Sogang University.

Under the current Constitution, the president is elected for a single five-year term.

In his keynote speech at the debate, Rep. Son asserted, "The time has come for us to seriously consider a presidential reelection system with a view to ensuring political responsibility and stability."

The parliamentary cabinet system of government, the DLP spokesman argued, would neither help solve the regional rivalry issue nor help realize the political unity and efficiency that are essential to pushing political reforms and change.

He said a presidential reelection system would be instrumental in helping a president demonstrate responsible politics to the citizens and in guaranteeing a political party's responsibility and continuity.

As a means of reforming the country's political system for the purpose of settling the regional rivalry issue, the scholar-turned-politician called for the introduction of a medium- or large-sized electoral district system.

"Efforts to end the regional rivalries should not be delayed any further," he added.

#### **DP To Inaugurate Temporary Cochairmen System**

*SK2408023295 Seoul YONHAP in English*  
*0158 GMT 24 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 24 (YONHAP) — The two opposing factions within the Democratic Party (DP) finally agreed Wednesday to hold a national convention next Monday when they will inaugurate as temporary co-chairmen Reps. Hong Yong-ki and Pak Il to the party's new leadership system.

Representatives from the faction loyal to party President Rep. Yi Ki-taek and the opposing faction reached an agreement to settle the month-long internal dispute after resuming negotiations at the party's building in Mapo-ku, Seoul.

The negotiators at the meeting included Rep. Kang Chang-song and former Rep. Chang Kyong-u who remain loyal to Yi and former Rep. No Mu-hyon and Rep. Che Chong-ku from the other faction.

The DP had been the main opposition party until 54 DP lawmakers bolted and joined former opposition leader Kim Tae-chung's new party, the National Congress for New Politics (NCNP).

Since then, the DP has been divided into two factions — one which remains loyal to Rep. Yi and another which is demanding the party president's resignation.

Rep. Yi recommended Rep. Pak Il, 68, become one of the temporary co-chairmen, while his opponents nominated Rep. Hong Yong-ki, 76, to represent them in the new leadership system.

The minor opposition party will use the co-chairman leadership system only until Dec. 13-14, when it will hold a special national convention to institute a more permanent leadership apparatus to prepare for next year's general elections.

#### **Police To Arrest Three Pusan Bank Officials**

*SK2408102995 Seoul YONHAP in English*  
*0933 GMT 24 Aug 95*

[FBIS Transcribed Text] Pusan, Aug. 24 (YONHAP) — The Pusan police, now investigating a former Bank of Korea (BOK) employee on charges he stole out-of-circulation bank notes, confirmed Thursday that senior officials at the branch office had filed false reports with their head office in Seoul in an effort to play down the case.

The police and the Pusan prosecution plan to arrest three officials, including Pak Tok-mun, 52, a former chief



of the branch, on charges they made false reports on official government documents.

Their reports gave a far smaller amount than the money actually stolen by the employee, police said.

A maintenance worker of the Pusan BOK branch, Kim Tae-yong, 40, stole as much as 380 million won in out-of-circulation bank notes which were scheduled to be disposed of, since December 1993, according to the police.

The BOK allegedly did not probe into the theft, even after officials discovered it.

Kim was only fired by the bank last April.

However, since it was disclosed that some reports of the case did reach the head office in Seoul, the Seoul prosecution is expected to investigate the head office of the central bank.

#### **Campaign To Oppose Kwangju Ruling Intensified**

SK2408094895 Seoul HANGYORE SINMUN  
in Korean 24 Aug 95 p 1

[By reporter Pak Chong-saeng]

[FBIS Translated Text] Moves by professors protesting the prosecution's ruling not to indict those who were sued in connection with the 18 May incident, which began in the form of a national signature-collection campaign and sit-ins, are intensifying rallies, street demonstrations, and petition for parliamentary legislation.

These moves—the largest-scale collective action ever since the professors' street demonstration during the 19 April 1960 revolution—are likely to cause a considerable impact in concert with the rallies and demonstrations of dissident groups, citizens' organizations, and college students which have continued since July in denunciation of the prosecution authorities' ruling not to indict the main culprits of the Kwangju incident.

The professors who participated in the signature-collection campaign by universities since 31 July decided to hold a "national rally of professors who participated in a signature-collection campaign calling for the arrest and indictment of the ringleaders of the 18 May insurrection and legislating a special law" at 0100 [0400 GMT] at the 100 Women's Hall in Yoido on 24 August.

After the rally, the professors will stage a street demonstration heading toward the National Assembly building demanding the indictment of the 18 May ringleaders and the legislation of a special law.

The professors are also planning to dispatch their delegate to the National Assembly this afternoon to file

a petition with the National Assembly for the legislation of a "law for the investigation into the truth of the Kwangju democratization movement" and a "law on the prescription for prosecution of crime in the nature of destroying the Constitution." Then the professors will visit the Constitutional Court on 25 August to submit a statement of opinion on the unconstitutionality of the prosecution authorities' decision "wavering the right of prosecution" and the rationale that the constitutional petition should be accepted.

The "law on the prescription for the prosecution of crime in the nature of destroying the Constitution" purports that "what is aimed at by the prosecution prescription system whose purpose is to safeguard the legal stability is to protect, essentially, the constitutional order itself" and that, therefore, prosecution prescription is not applicable to "the crimes which are aimed at destroying the Constitution and the constitutional order itself, such as insurrection and rebellion."

The professors who participated in the signature-collection campaign number 3,560 from 78 universities across the country as of 23 August. From 14 to 16 August, 150 professors from the National Professors Association for Democratization (Mingyohyop) representing the professors participating in the signature-collection campaign staged a sit-in.

Professor Kim Sang-kon (Hansin University), co-representative of Mingyohyop, said that "under the circumstances where the Japanese imperialist remains have not been liquidated through the years since the national liberation, if the 18 May issue is not liquidated, the ROK society will have to continue to be distorted," and that "we understand that so many professors are participating in our cause because they are in consensus with this historical significance."

Professor Kim added, "We will create a national atmosphere for the passage of the bill we submitted. If the present regime does not make a positive action on it, we will conduct a campaign to oust the present regime from power."

#### **Ministry Announces Plans for International City**

SK2408094795 Seoul YONHAP in English  
0728 GMT 24 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 24 (YONHAP) — The Construction and Transportation Ministry announced Thursday an ambitious plan to construct an international city, similar to Hong Kong, on two islands near Yongjong Island where a new international airport is under construction.



Under a contract with the Korea Airport Construction Authority (KACA), in charge of Yongjong Airport's construction, the Korea Research Institute for Human Settlement and the Korea Transport Institute worked out a plan to construct a large international city on the 27.8 million square meter site of Yongyu and Mui Islands — next to Yongjong.

In the city's first stage construction between 1995 and 2000, the KACA will develop about 1.6 million square meters of reclaimed land near Yongyu Island, while it plans to develop another 14.8 million square meters on the same island in the second stage between 2001 to 2010.

The authority will then develop another 11.2 million square meters on Mui Island in the third stage of construction, slated for 2011 to 2020.

Construction costs to build the international city are expected to run about 3,635 billion won (about 4.7 billion U.S. dollars) — 400 billion won in the first stage, 1,845 billion won in the second one and 1,390 billion won in the last stage.

The plan, however, estimated that the KACA could realize profits as high as 4.6 trillion won from the project.

The plan expected that an international city would accelerate the globalization of South Korea's overall economy and society as well as increase the government's tax revenues, the number of inbound foreign tourists and the employment rate.

The international city will also help promote the construction industry here and attract enterprises and capital from foreign countries, according to the plan.

#### **Contingency Plan for Unified Economy Drafted**

SK2408042895 Seoul THE KOREA TIMES in English  
24 Aug 95 p 9

[Article by Yi Chang-sop]

[FBIS Transcribed Text] If a collapse of the North Korean political system forces the unification of the two Koreas, the South Korean government will have to take the initiative in the process, according to a report by the Korea Development Institute (KDI).

It said in a recent report that a buffer period is necessary to mitigate the shocks the transformation of the economic system of North Korea and its integration with that of the South will have on the two economies.

It said it would be desirable to first unite the two Koreas politically under a federal system or commonwealth in which North Korea is a special administrative zone

for a limited time. The unified Korean Commonwealth would be one country with one political and economic system. The central government would manage foreign and defense policies. Regional governments would have some autonomy in management of the local economy and administration with the approval of the central government, the KDI said.

The two regions in the Korean Commonwealth should agree to a common market for a transition period, after which the two regions would be fully integrated. During the common market period, northern Korea could gradually reform its trade sector and phase out protection from outside competition, it said.

The present North Korean currency would be used before complete economic integration. Initially, this currency would have to be devalued to reflect market conditions and to gain export competitiveness. A flexible exchange rate system would be used by northern Korea to maintain macroeconomic stabilization as well as international competitiveness. As inflation subsided, a monetary union could be formed in which the exchange rate of the northern currency could be fixed to the South Korean currency within a small band of variation, the report said.

The two monetary systems would be unified at the time of full integration of the two markets after the buffer period.

The institute said migration arising from economic motives would be initially regulated, allowing for the annual rate to rise gradually. Two different types of regulation might be used. One would tie the distribution of property such as housing and the qualification for welfare to residency in the north. The other would set quotas for emigration from the north to the south. The movement of people to unite with their families should be allowed through government certification. If united families resided in southern Korea, it should be the responsibility of southern relatives to attend to the basic needs of the immigrants, it said.

Graduate economic integration has three important advantages over immediate integration. First, northern Korea could use its own currency during the transition period, enabling the northern regional government to use the exchange rate as a policy tool to absorb internal and external shocks. Second, large emigration arising from economic causes could be controlled, if not prevented.

Third, the collapse of the northern economy caused by immediate integration of two economies with large differences in structure and income level could be avoided, thus reducing the economic cost of unification, the KDI said.



The cost of unification for South Korea will be relatively larger than that for West Germany, the KDI said.

It said that an estimated cost of Korean unification varies from 150 billion dollars to 1,317 billion dollars. Estimates of the investment needed to raise North Korean incomes to the South Korean level assume that the target will be achieved in 10 years. However, assuming North Korean per capita GNP increases 5 percent faster than that of South Korea every year, it would take 38 years for parity to be achieved.

The KDI said Korea will have to cope with a larger economical and social burden than Germany did if the two Koreans are unified according to a German-type process, regardless of how long it takes. The burden will be less painful than Germany's if the two are united through a phased process of mutual cooperation and consensus.

There are several disadvantages for Korea should it integrate suddenly as Germany did. First, the income gap between South and North Korea is greater than that between West and East Germany. The ratio of per capita GNP in South and North Korea is 7:1 whereas the corresponding ratio was 4:1 for West and East Germany. The greater income gap will lead to more migration.

Second, in Germany nearly a half million eastern German residents are commuters working in western Germany, reducing the number of migrants. In Korea, commuting would be difficult. There are no large cities or industrial complexes near the border area in South Korea thanks to the depopulated demilitarized zone and the long history of hostility, it said. Third, the desire to move to the South is expected to be great since no cross-border trips have been allowed since the end of the Korean War. Fourth, even if migration from North to South Korea is of the same magnitude as in Germany, such migration will still be much more difficult for South Korea to cope with because the population ratio of South and North is only 2:1, compared with the 4:1 ratio for West and East Germany, the KDI said.

#### **Economy Grows 9.6 Percent in 2d Quarter**

*SK2408090995 Seoul YONHAP in English  
0751 GMT 24 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 24 (YONHAP) — The South Korean economy has continued to expand for 32 consecutive months, with the gross domestic product (GDP) growing 9.6 percent in the second quarter of the year, according to the Bank of Korea.

The rate is, however, lower than the central bank's earlier projection of 10.1 percent for the three-month period.

With first-quarter growth of 9.9 percent, total growth for the first half of the year stands at 9.8 percent, the highest half-year growth rate since the 10-percent growth rate registered for the first half of 1991.

Chong Ung-chin, a senior research economist at the bank, said it is still hard to say whether the current business cycle has reached its peak.

The economy is expected to grow 9 percent during all of this year, slightly lower than the earlier projection of 9.2 percent, to make "a soft landing," a gradual shift towards contraction from its peak in the business cycle, he remarked.

Meanwhile, the manufacturing industry registered an 11.1-percent growth in the April-June period, down 1.8 percentage points from the previous quarter.

Agriculture expanded 12.9 percent, the gas and energy industry grew 36.8 percent, construction increased 8.6 percent and the service industry climbed 10.7 percent.

Overall consumption increased 7.4 percent in the second quarter, down 0.5 percentage points from the first quarter's, but up 0.4 percentage points from the 7-percent increase registered for all of last year.

Private-sector and household consumptions also rose 8.1 percent and 8.2 percent, respectively, down 0.6 percentage points each from the first quarter's growth.

Noteworthy was that while spending for durable consumer goods fell from the first quarter, spending for expendable consumer goods and medical treatment increased.

Corporate investment in equipment and plants rose 19 percent, down 6.2 points from the first quarter's figure, which was attributed to slowed investment by the automobile, shipbuilding and aviation industries. Investment by the construction industry grew 8.3 percent, up 0.3 points from the previous quarter's.

Commodity and service exports grew 24.3 percent, down 0.8 points from the first quarter's.

As the economy is expected to make a soft landing, the growth forecast for this year should be revised and the nation's economic policy should focus on gross demand controls and anti-inflationary measures, another economist of the central bank added.

#### **Government on Environment-Friendly Industry**

*SK2408024195 Seoul THE KOREA TIMES in English  
24 Aug 95 p 8*

[FBIS Transcribed Text] The government yesterday put to discussion by vice economic ministers legisla-



tion to convert the structure of industry into a more environmentally-friendly form.

Under the new legislation, a five-year plan for the development of clean technology and conservation of energy will kick in along with the fostering of related industries.

The government will also arrange for close cooperation among academic, government and private sectors and organize a wide range of exhibitions and seminars to increase awareness of the need for environmental protection in industry.

The Ministry of Trade, Industry and Energy [MOTIE] said the new law is needed at a time when the global community is moving to initiate the Green Round to associate environmental preservation with trade.

MOTIE officials said the entire Korean production system, from raw materials to exports, faces monitoring by such international groups as the Organization for Economic Cooperation and Development and International Standards Organization.

#### **Regions Urged To Develop 'Suitable' Industries**

952C0162B *Seoul SISA JOURNAL in Korean*  
13 Jul 95 pp 62-64

[By reporter Chang Yong-hui]

[FBIS Translated Text] "Do you know the meaning of the word 'PIMFY'?" The business community thinks the newly coined word "PIMFY" will be a buzzword in the age of local autonomy. There is a word "NIMBY" (short for Not in My Backyard) expressing people's aversion to nuisance facilities, such as garbage incinerators, being installed in their neighborhood. "PIMFY" (short for Please in My Front Yard) is its antonym, and the business community expects that the phenomenon of localities vying with one another to attract promising industries or high-tech industries will flourish in the future. Said a Samsung Group official: "For local governments to vie with one another to lure enterprises from the outside is not necessarily good for businesses. If they seek to lure enterprises randomly, without regard to the conditions of location and labor, it would give businesses a big headache later."

With the completion of local elections, grass-roots democracy has been restored for the first time in 34 years. A total of 245 heads of provinces, major cities and local-level autonomies, in addition to the members of their assemblies have been chosen. The introduction of the local autonomy system will have a tremendous economic impact, no less than the political impact it will have. This prospect keeps enterprises on pins and needles. As local autonomy is introduced under the new

equation of political rivalry between "the three Kims," conglomerates are busy prognosticating the possible effects local autonomy will have on their affiliates' operations, and are calculating the possible losses and gains. Some of them were quick to set up heads of local operations (Samsung), or else they organized local consultative groups (LG) with a view to bringing their business operations closer to localities. The Hyundai Group quickly announced a plan to build automobile parts factories in various localities.

Business firms are half hopeful, half apprehensive. Business opportunities may be expanded, but there is a strong probability that the business climate will deteriorate. Enterprises are not happy about the outlook for local governments demanding the payment of quasi-levies in the form of donations or contributions. A Hyundai Group official expressed his expectation in these words: "There is much room for local governments to provide 'protection' to business, but we attach more weight to the 'sunny side' of expanding business opportunities."

The heads of local governments are mulling over their future courses, just as the corporations that deal with them are doing. They began to work on their new jobs on 1 July, and the thought of having to produce tangible results in the next three years weighs heavily on their minds. Economic experts point out that the heads of local governments need to have business minds if they want to be reelected. During their election campaigns or in their inaugural addresses, candidates or elected officials did not forget to point out that they had minds of businessmen. Choe Kak-kyu, governor of Kangwon Province, and Sin Ku-pom, governor of Cheju Province, called themselves the president of the Kangwon, Inc., and the representative of Cheju Corporation, respectively. Kim Hyong-ku, governor of South Kyongsang Province, used the expression "business-like administration," while Yu Chong-kun, governor of North Cholla Province, referred to his plan to perform his job like a "businessman." The reason they called themselves business managers almost without exception is that they know that to rebuild dilapidated industries and make their provinces prosper is at once their duty and an opportunity to render meritorious services.

However, they will find it difficult to translate their intentions into reality. Most local government heads have stated that they would introduce high added-value and high-tech industries. They have said that they intend to do their utmost to lure high-tech industries, such as automobile parts, electronic and electrical parts, precision machine tools, information and communication equipment, office automation equipment, chemical ma-



terials, antipollution equipment, shipbuilding equipment and supplies, and bioengineering. They are as determined as a hunter trying to catch a leopard alive. However, it is impossible to turn all areas into technopolises.

Just as an outfit that suits one's age and figure makes one look good, the management strategy of a local government must be suited to local conditions in order to be successful. Said Hong Sun-yong, senior research fellow at the Samsung Economic Research Institute: "For each of the 15 major city mayors and provincial governors to choose those particular industries having strong local and national expansionary effects and concentrate efforts on them will be their best strategy." In other words, they need to choose speciality industries so that all available resources may be pooled together for its development.

To find out the kinds of goods and services that have a competitive edge over those produced in other areas, including foreign countries, each local government needs to minutely weigh all factors, such as existing industries, available resources, and local conditions in the areas under its jurisdiction. This is the first thing the elected heads of local governments should do. Recently the Samsung Economic Research Institute has released the findings of a research which will be valuable to the heads of local governments as a reference material. It prepared an input-output model for each of the 15 major cities and provinces in its first attempt to analyze the interrelationship of their industries. (The Bank of Korea prepares a national input-output model once every 5 years, but Samsung's is the first local input-output model that has ever been prepared.)

According to the analysis made by the Samsung Economic Research Institute, distribution, information and communication, banking and insurance, video, and advertising industries are promising for Seoul. For Pusan, footwear industry, its leading industry, has a great expansionary effect, and auto parts, automobile, distribution, marine transportation, and warehousing industries are considered best. For Taegu, textile and leather industries will be promising. For Incheon, metal-related industries are good, and tertiary industries are regarded as relatively good.

The research paper says that the Honam area should not neglect agriculture, since it is its strong industry. With agriculture as the linchpin, North Cholla Province is urged to expand into pulp and paper, wooden furniture, and food industries, whereas it would be a sound strategy for South Cholla Province to concentrate on industries producing organic-chemical products, synthetic resin and petroleum products, and primary metals, the research paper says.

In cities, a tertiary industry generally has greater potential for stimulating other tertiary industries. The areas fit for secondary industries, such as chemical, electronic, and machine industries, are the Kyonggi, South Cholla, and Kyongnam areas. For other localities, primary industries such as agriculture, forestry, and fisheries, and light industry are suitable. The analysis of the Samsung Economic Research Institute persuasively indicates that not all localities are fit for high-tech industries.

Needless to say, each local government should be interested in technology- and knowledge-intensive industries, for small- and medium-sized enterprises can do better with these industries. If these industries control marginal markets with marginal technologies that large corporation leave untouched because they find it difficult to adapt, these enterprises can become "meritorious industries" for the localities in which they are located. As of the end of 1993, the Taejon, Kyonggi, and North Chungchong areas far surpassed the national average (14.3 percent) in the ratio of high-tech products produced locally to high-tech products produced nationwide. These areas have a large number of small- and medium-sized enterprises with a high degree of technological competitiveness, although their scales are not large. Suggests Chong Hui-su, member of the Daewoo Economic Research Institute: "It is worthwhile to consider the feasibility of establishing a semi-governmental, semi-private brain centers (by a third-sector formula) to help create numerous technology-intensive and research- and development-oriented small- and medium-sized enterprises." The Kanagawa Science Park in Japan, opened in 1989, may be regarded as a typical example of such brain centers. It is known as the driving force in creating a large number of small- and medium-sized enterprises that are strongly competitive despite their size.

Many point out that local government heads should first mobilize all administrative resources to bring internal forces together before exhausting their efforts to lure in large enterprises from the outside. The more they are tempted to be popular with local inhabitants by pleasing them with immediate results, the more difficult it would be to resist the temptation. First of all, local government heads should act like "brokers." Generally, local economies have these shortcomings: An increase in employment and income in one sector has a relatively small inducement effect on other industrial sectors; practically, there are no large cooperations to lead the way for local industries; and local enterprises are very small. Therefore, playing the role of broker means that, in order to overcome these shortcomings, each local government should bring identical or similar small businesses together and make them collaborate with



one another strategically. The reason Taegu's textile business and Pusan's footwear business are weak is that there are no large cooperations to lead them.

It is important for each local government to have an accurate knowledge of its ability. Generally, local governments' economic strength is evaluated in terms of the degree of fiscal self-support. However, the degree of fiscal self-support is an inadequate standard for measuring each locality's real economic strength. The degree of a local government's fiscal self-support is expressed in the ratio of the revenues it raised to its total budgetary outlays. As subsidies from the central government increase, the rate of fiscal self-support decreases. Therefore, this ratio is inadequate for describe the locality's real economic strength. Instead, when the ratio of dependence on interregional exchanges of goods and services is used by applying the concept of international trade (import and export) in regional exchanges, it will serve as a better index for evaluating one locality's economic competitiveness against another's. A comparison of the volume of goods and services exchanged between localities against their gross regional product [GRP] makes it possible to measure the degree of economic interdependence between different localities and their potential self-supporting ability.

Local autonomy will accelerate interregional competition in which local governments compete against one another just as athletes compete for medals at a national sports festival. In the case of the United Kingdom, with its long history of local autonomy, each of the four states has an agency whose function is to lure overseas investment. These agencies—the IDB (Northern Ireland), the NDC (Northern England), the WDA (Wales), and the SDA (Scotland)—compete with one another so acutely that they look as if they were agencies of different countries. They have their offices in our country.

However, if each local government's desire to build its locality in its own way should lead to barriers that keep other localities out, it is certain that the fundamental purpose of local autonomy will be defeated. An autonomous locality is not like a feudal fief in the Middle Ages. Such seclusion would be suicidal. No locality can attain self-sufficiency; and even if it were possible, it would only shrink the scale of local economies.

The egoism of localities with a high degree of economic self-support is a problem. According to a simulated test conducted by the Samsung Economic Research Institute, it would be more advantageous to Seoul, Pusan, Taejon, and the Kangwon, South Chungchong, North Cholla areas to manage their economies by going it alone rather than by playing the cooperation game with other areas. In contrast, Taegu, Inchon,

Kwangju, and the South Cholla, North Kyongsang, South Kyongsang, and Cheju areas would find it to their advantage to play the cooperation game. Those local governments that feel it is better to go it alone can hardly resist the temptation. There is some probability that the system local autonomy system will relegate localities to economic dominions of large powerful cities. If a certain local government should embark upon an egocentric course, it would force even those local governments desirous of playing the cooperation game to follow suit. Should all local governments choose to launch themselves upon the road of regional rivalry, it would end up putting the national economy in disarray. Said Kim Song-sik, senior research fellow at the Lucky-Goldstar Economic Research Institute: "With the implementation of the local autonomy system, there is a need to create an authoritative third-party mediation board in order to devise a 'win-win' game in which all local autonomous entities will become winners." Realistically, the mediator in this case will be none but the central government.

The introduction of local autonomy may be compared to "economic downsizing" because local economics replace the national economy as the economic unit. For our people, implementing local autonomy is like cutting through a virgin forest. To make local autonomy a "win-win game" instead of a "zero-sum game" is not an easy task, but it is a task that must be done without fail.

**Large Firms Offering 'Tamul Education' Programs**  
952C0162C Seoul HANGYORE 21 in Korean  
20 Jul 95 pp 48-49

[Report by a special coverage team from Changsungpo and Ulsan]

[FBIS Translated Text] The fever of "tamul education" is running high at large corporations such as Hyundai, Daewoo, Pohang Iron and Steel, and Samsung. The number of workers who received this education increased to more than 50,000 as of July this year since it began in 1990. Tamul education is a kind of spiritual education conducted among corporate employees by the Tamul National Research Institute, which was founded by Kang Ki-chun, a former military officer of the Defense Security Command. The main characteristic of this education is that it places emphasis on nationalism. The word "tamul," meaning getting back a thing previously given to somebody, is derived from Tamul Tangun, the name of the 30th-or-so king in ancient Korea (this has not yet been corroborated historically). Claiming that the spirit of service and sacrifice is the main ingredient of our national ethos, the institute teaches workers to lead the van in practicing this spirit. Corporations have "tamul corps" consisting of employees



who have received this education. Each corporation carries out various campaigns with its "tamul corps" at the center—campaigns aimed at maintaining order in life, fixing recreation grounds, planting the rose of Sharon, and sanctifying the national flag. The institute gives history lessons to students telling them that ancient Korea and Koguryo ruled what is now known as Manchuria and built a flourishing brilliant culture, stressing that we must carry forward the cause of our ancestors and "recover Manchuria." Quite many trainees favorably respond to the call for regaining national self-confidence and recovering the lost territory.

That is the starting point of tamul education. The trainees are taught how to achieve national revitalization. The instructors make this point: "During Hideyoshi's invasion of Korea, our people took up arms in the just cause to save the country. Present-day workers must become industrial soldiers with the spirit of saving the country." Their argument runs like this: Building world-class enterprises is the way to make the country richer and stronger in this age of cut-throat competition; you, the employees of large corporations, are the players of this proud role; excessive demands will increase the burden of enterprises and weaken their international competitiveness. The instructors then slip into this argument the reasoning that making excessive demands will ruin the future of our country. A work team leader who received tamul education at Daewoo Shipbuilding & Heavy Machinery said: "[Tamul education] should not be used as a means of sacrificing workers, however I agree with the substance of the education claiming that ours is a great nation." What is being preached in tamul education, in which historical nationalism is adroitly grafted onto capitalist ideology, is gradually taking hold among workers as positive thinking.

The results of tamul education became apparent at Daewoo Shipbuilding & Heavy Machinery sooner than at any other company. The company has scored a four-year no-strike record, and there is even the Okpo miracle tower. There also has been tangible results at Hyundai Heavy Industries, where tamul education was introduced last year. At this company, there was a no-strike signature collection campaign during wage negotiations this past May. This was a serious matter for the Hyundai Heavy Industries' labor union, which takes pride in the most rigid control it exercises over its members among all other unions. The union immediately began to analyze the causes of this serious state of affairs. From this analysis, the union reached the conclusion that the no-strike campaign had something to do with the "tamul education" introduced by the company beginning late last year. The clue to this conclusion was the fact that,

of the participants in the no-strike campaign, quite a few received "tamul education" openly sponsored by management beginning early this year. Hyundai Heavy Industries has been conducting open tamul education for its shop foremen and work team captains since 19 December 1994. On 20 April 1995 the "Hyundai Heavy Industries Tamul Corps" was organized with the employees who had received tamul education at the center before. What transpired on the day of its inaugural ceremony revealed the hollowness of its claim of being dedicated to the concepts of sacrifice and service. The union was busy handling the case of a worker who was killed in an industrial accident. Union officials' anger erupted when they belatedly appeared at the site of the inaugural ceremony to block it. Raising doubts about the spirit of sacrifice and service advertised by the tamul corps, they asked: "Why do you have to inaugurate an organization that professes the importance of sacrifice and service behind the union's back and at a time when one of your colleagues was killed in an accident?" As if anticipating this trouble, members of the tamul corps of Daewoo Shipbuilding & Heavy Machinery were on hand to help with the inaugural ceremony.

An examination of how tamul education is undertaken at Hyundai Heavy Industries will explain why the union reacts this way to the company's tamul corps. Tamul education at Hyundai Heavy Industries and other large corporations are conducted on their initiatives under the pretext of "education aimed at improving job performances." However, in reality, the substance of the instruction consists of lessons in history and ideologies which have nothing to do with job proficiency. When Hyundai Heavy Industries conducts classes, from the start it ignores the "notification requirement" as provided by Article 9 of the labor contract. The article reads: "In case the company plans to conduct classes for union members, management is required to inform the union in writing as soon as possible." On 29 June the company unilaterally conducted tamul education over a strong protest lodged by the union. In this regard, Hyundai Heavy Industries had this to say: "Just as the union educates its deputies, the company conducts education for its employees." He added, "We will continue to conduct education in the future, whether the union protests or not." This is to say that the company is determined to continue tamul education despite any conflicts that may ensue with the union. The second problem raised by labor unions in connection with tamul education is the funding for the tamul corps. When the Hyundai Heavy Industry tamul corps was inaugurated, it had a large-scale medium- to long-term business plan drawn up requiring such a large amount of funding that it dwarfed any amount that could be



raised by the monthly membership fee of 2,000 won. The plan includes climbing up Mt. Paekdu and field trips to Manchuria. In the case of Daewoo Shipbuilding & Heavy Machinery, the company foots the entire bill of its tamul corps.

The third problem involving tamul corps is that major corporations are not only conducting tamul education despite friction with their unions but are also providing various support for tamul education. Among other things, they are generously footing the bill for education that costs as much as 230,000 won per person. The actual education cost would amount to 300,000 per person, considering the fact that tamul education is conducted during duty hours. As of now, the number of employees who have received tamul education total approximately 1,200 at Hyundai Heavy Industries and 5,700 at Daewoo Shipbuilding & Heavy Industries. Accordingly, tamul education is presumed to have cost these two companies 360 million won and 1.7 billion won, respectively.

Corporate support does not stop here. Daewoo Shipbuilding & Heavy Industries lets its tamul corps use a two-story building as an office building. In addition, three company employees work for the corps on a regular basis. In the case of Hyundai Heavy Industries, which has friction with the union over tamul education, the company went so far as to openly publicize "tamul and the tamul spirit" in a 5 July article in INSA JOURNAL, a journal published by its Human Resources

Development Department. The article is entitled "Our Choice and Course in the 21st Century." Strongly supporting the article, Kang, an assistant executive officer, said: "We have published the article not because we want to publicize the tamul corps, but because the content of the article is good."

From all this the trade union at each workplace concludes that a new cultural strategy supported by management is being pursued through the tamul corps. Tamul education, which begins with the espousal of sacrifice, service, and the national spirit, wins the favor of some workers because it pays lip service to trade unions' justification for existence. That is why some labor circles are voicing the opinion that corporations are conducting tamul education as a preliminary step to inculcating extreme right-wing conservative ideology in workers' minds as part of a new management strategy. They argue: "While emphasizing national history and the restoration of nation's independent stand and attitude, management maintains that industrial workers have an important role to play in restoring the brilliance in our history. We would say this argument is another form of development-oriented dictatorship to justify the sacrifices of the workers."

This new form of thought campaign is rapidly proliferating as it advocates "service, sacrifice, and nationalism" among workers.



**Brunei, Malaysia & Singapore****Malaysia****Prime Minister Interviewed, Discusses Values**

AU2308122495 Hamburg DER SPIEGEL in German  
21 Aug 95 pp 136-139

[Interview with Malaysian Prime Minister Mahathir bin Mohamed by Erich Follath and Birgit Schwarz in Kuala Lumpur; date not given: "They Are Celebrating Chaos"]

[FBIS Translated Text] [DER SPIEGEL] Prime Minister, you once said that journalists should be shot, and you have called the Western media a "multi-headed monster with foul breath." Why do you regard the free press as a demonic threat? And why have you granted us this interview?

[Mahathir] I have not given up hope of meeting correspondents who will give a fair account of my position. In my opinion there is no free press: There is always someone who controls the contents, be it the owner, the advertisers, or the government. In a democratic country of all these groups only the government has been elected and can thus claim that it acts on behalf of the people.

[DER SPIEGEL] In our view the role of the press in a democratic country is to criticize and to check those in power. This might be a central point: You are an autocrat, and we believe in a different system of values.

[Mahathir] I am a democrat. Is there only one form of democracy or just one high priest to interpret it — the West?

[DER SPIEGEL] Nobody has heralded Asia's rise more self-confidently than you have, nobody has branded the decline of the West, its alleged economic and moral collapse, more severely than you. This has made you the "champion of the Third World," the spokesman of the south. Do you like that role?

[Mahathir] I did not seek that role. But when I see a false development I feel obliged to criticize it. And then I act.

[DER SPIEGEL] This means that, if you feel unfairly treated by the British press, you exclude British companies from public tenders, and you continue this quasi economic boycott until London gives in, as happened in 1994.

[Mahathir] Things have long been settled with Britain. The British thought they could treat us any way they like, that they could do whatever they like. We wanted to get it across to them that we do not agree with everything they say. If, as a result of this, some people

think I am shrill, that is a shame. I am a gentle person really.

[DER SPIEGEL] Do Asian societies really have the answers to all the future problems? Is the world's focus really shifting to the Far East, following almost 500 years of Western predominance? Do you consider Malaysia a developing country, and Germany a country developing backward?

[Mahathir] My thinking patterns do not include the notion that Asia will dominate the West in due course. I only think that we can claim an equal role, share responsibilities. We want to have co-determination, but they will not let us have it. Asia needs the West; but this is also true the other way around — which the West still does not accept.

[DER SPIEGEL] It does. Everyone says that the 21st century will be the era of the Pacific region. Asia's economic success is also undisputed; Malaysia's surprising economic growth of an average 7 percent over the past decade for instance ...

[Mahathir] ... it will be at least 8 percent this year. But still: While Europe can form its Union, America can establish NAFTA [North American Free Trade Agreement], they want to prevent us from forming the EAEC, the East Asian Economic Committee. Although we are independent states, the West still wants to decide what we can and cannot do.

[DER SPIEGEL] "The Asia That Can Say No," is the title of a book that you wrote together with Japanese ultranationalist Shintaro Ishihara. It is a challenge: As if half a century after obtaining its independence, Asia finally wanted to put its former colonial rulers in their place.

[Mahathir] No, no. I am not an Asian chauvinist, as you are suggesting. We want to sell our products, buy yours — confrontation will not get anybody anywhere. I only think that you in the West have to realize that we do some things differently from you, maybe better. There are too many examples of the West's double standards — these cannot be left uncontested.

[DER SPIEGEL] Which examples?

[Mahathir] The biggest shame: The Western democracies are not willing, nor able to intervene efficiently in the Balkans.

[DER SPIEGEL] You have explained this by the weak leadership of the "corrupt democracies."

[Mahathir] What the West is doing with the Bosnians is an unprecedented case of hypocrisy; it even refuses the Muslims arms for defending themselves. In Kuwait,



when oil was at stake, the United States quickly patched together an alliance against Saddam Husayn and attacked him, but the Bosnians are left in the lurch. What kind of a world is this, where for fear of being harmed we refuse to intervene when somebody is being killed?

[DER SPIEGEL] Apart from moral dismay there has not been much support for the Bosnians in the Third World either, including the Islamic states.

[Mahathir] That is right. But we in Malaysia want to do what we can. We are prepared to supply arms. If the UNPROFOR [UN Protection Force] troops are withdrawn from the Balkans, we are considering leaving our 1,500 troops there and arming them more aggressively, if the Bosnians want us to.

[DER SPIEGEL] You have initiated a campaign that wants to depose UN Secretary General Butrus Butrus-Ghali...

[Mahathir] ... Butrus-Ghali has failed, he has not been able to protect the areas that the United Nations declared safe zones. He does not represent the Third World; he was hoisted into his office by the West, and we were not able to influence the decision. Incidentally, the UN Charter grants every state the right to self defense.

[DER SPIEGEL] Your selective use of the UN Charter is striking. The charter also contains the universally valid human rights. You would like to have these human rights redefined, including more of the "Asian values," which are allegedly superior to "Western decadence." What exactly are these values?

[Mahathir] In an Asian democracy minorities and individuals must have liberties, but these liberties must not be put above the rights of the majority. We demand respect for the elderly, intact family structures, respect for the community.

[DER SPIEGEL] So far every politician in the West would support this.

[Mahathir] I am sorry to say this: It just is not correct that you in the West regard the family as something that is important. That is the difference between us — we still have intact families and consider them very important.

[DER SPIEGEL] New polls in Asian countries indicate that families in Asia are not as sound as they seem to be. In Thailand's cities one-fourth of all husbands visited prostitutes last year, more than two-thirds of all married Chinese consider extra-marital affairs acceptable. Malaysia's divorce rate is as high as that in the West.

[Mahathir] But we would never let men get married to men, women to women. Even incest no longer seems to be taboo in the West. It will not be long until fathers can marry their daughters, mothers their sons...

[DER SPIEGEL] That is an extreme interpretation of what happens in the West. Where do you get your information?

[Mahathir] From television.

[DER SPIEGEL] Obviously from satellite programs, which the people in your country are not allowed to watch ...

[Mahathir] ... they carry all the so-called liberal debates there. I hear that Germany allows Turks to be shot and their houses burnt down.

[DER SPIEGEL] This is by no means allowed. If the police were informed of planned activities by German right-wing extremists or Kurdish terrorists, it would have to do everything to prevent these.

[Mahathir] I think in Germany you know who the violent groups are. What good does it do a dead person, if you tell him, sorry, I suspected that these violent people wanted to kill you, but there was nothing I could do to stop it, because our society and our laws prevent that somehow.

[DER SPIEGEL] What would you advise the German Government to do?

[Mahathir] We in Malaysia have a potentially unstable society with racial tension. We stop anyone who is inclined to use force.

[DER SPIEGEL] You have a harsh law to achieve that, the "Internal Security Act," which allows unrestricted custody without legal proceedings. This is not compatible with the West's democratic views. Apart from that, we in the West do not think that democracy must invariably result in instability and anarchy, as you are suggesting.

[Mahathir] You have days of chaos, radicals can celebrate chaos in your country. You are tolerant enough to allow these rioters to throw stones at policemen, burn down public property, demolish cars. Is that a sign of democracy? Are we undemocratic because we prevent such things?

[DER SPIEGEL] No right to hold open-air meetings, a tame press, since newspaper licenses are only extended for one year at a time: The only things that count in your country are stability and economic growth — obey and make profit.



[Mahathir] Stability is, indeed, an important factor. The international business community has realized that. Otherwise it would not invest so enthusiastically in Malaysia. And the people do have the option of voting me and my party out of office. But obviously they do not want to; I won a two-thirds majority in this year's parliamentary elections ...

[DER SPIEGEL] ... which also allows you to change the Constitution without the opposition's approval. But in spite of this immense power you are not confident enough to allow a recognized international human rights organization like Amnesty International to establish an office in Kuala Lumpur.

[Mahathir] Amnesty represents the West's value system. They are on their high horse and think they can tell the world how to behave. Who gives them the right to establish rules that the entire world has to obey?

[DER SPIEGEL] You are by no means the only one to represent Asian values. South Korea's opposition politician Kim Dae Jung does not believe that a foreign system can be forced onto a society either, but — unlike you — he thinks that the West's ideas of democracy are close to Asian cultures, possibly originate from them. Other leading Asians have also criticized you for stifling debates on human rights with your statements.

[Mahathir] They have a right to their views, although I think that they are not right. I have never played the spokesman for all of Asia; if they make me their spokesman I have to accept it.

[DER SPIEGEL] Let me ask you again: Have you pleaded for a redefinition of human rights?

[Mahathir] The Human Rights Convention was invented by the West. We did not get a say in it; it was forced upon us. Some aspects should, indeed, be reconsidered.

[DER SPIEGEL] Such as?

[Mahathir] Europeans and Americans always think they are better people. We are also tolerant — with some reservations. Here, if someone runs across the street naked he is arrested; you let them run. For us it is unacceptable that so-called human rights should lead to a minority terrorizing a majority. Why should we approve of this, when wealth and stability are threatened?

[DER SPIEGEL] What makes you so tolerant of Asian countries? During a visit to Beijing you praised China for its "strong government," and you have expressed "understanding" for Japan's not tackling the problem of the cruelties committed during the war.

[Mahathir] The Japanese have apologized. But honestly: I would rather be friends with China and Japan than

rely on American protection. Do you think that the Americans would help us, if we were to be attacked? Just look at Bosnia — in reality the Americans are not interested in human rights.

[DER SPIEGEL] Will the next world war be a war between different cultures, as Harvard Professor Samuel Huntington has said?

[Mahathir] Oh, that professor in his ivory tower. That is typical of Western thinking: There is only black and white, everything must end in confrontation. We believe in cooperation among equals. We do not want to dominate anybody, nor do we want to be dominated by anyone. We only want to live better, more harmoniously.

[DER SPIEGEL] Could it be that at least where mass culture is concerned the worldwide struggle has been decided anyhow — in the West's favor? Are Malaysian youngsters not playing with their MacIntoshes, eating at McDonald's, dancing to Michael Jackson's music?

[Mahathir] That may be so, but the trend must be slowed down. Eating hamburgers does not mean that I am changing my value system overnight.

[DER SPIEGEL] How do you mean?

[Mahathir] When a woman walks around in hot pants and with her breasts half naked she must not be surprised if men get obtrusive. If a woman dresses in such a way, she provokes men. For me that is sexual harassment. How am I supposed to concentrate on my work then?

[DER SPIEGEL] Maybe you could simply look the other way.

[Mahathir] I would, indeed, lower my eyes. But what I wanted to say was: You in the West enjoy liberties, or what you consider liberties, which for me as an Asian and Muslim are unacceptable. I have my own moral principles.

[DER SPIEGEL] Morals is not necessarily a fixed quantity. In Europe, the concept of what is acceptable has changed considerably over the decades. And that is also true for Asia, for Malaysia.

[Mahathir] You may be right there. But one can at least counteract it. We promote healthy activities for young people, such as sport, mountaineering, music. We want to give them basic values. We want to make it clear to them that the decline of the West is due to the degeneration of its values. That the rights of the individual are not above those of the community, but that the opposite is true.



[DER SPIEGEL] As people get wealthier and better educated, they will also demand more individual liberties and political co-determination. Like South Korea or Taiwan, your country could see an erosion of the Asian-autocratic regime.

[Mahathir] Do not compare us with former military regimes. Malaysia is a democracy. In 2020 Malaysia will be a fully developed industrial state; then our growth rates will probably go down. That is a normal development. And maybe by that time our society will be more liberal in your sense.

[DER SPIEGEL] But by then you no longer want to be head of state — but maybe secretary general of the United Nations?

[Mahathir] No, no, I am not interested in that. Having my country under control is enough for me. I have no ambition to be a world leader. I enjoy ...

[DER SPIEGEL] ... telling the West off also in the future?

[Mahathir] They do not like me in the West, because they do not like my statements. But a lot of nice things that I say do not get published in the West.

[DER SPIEGEL] Prime Minister, thank you for the interview.

#### **Kenyan President Arrives on 4-Day Official Visit**

##### **Welcomed by King, Premier**

*BK1508125995 Kuala Lumpur RTM Television  
Network 1 in Malay 1200 GMT 15 Aug 95*

[FBIS Translated Text] Kenyan President Daniel Moi has been given an official welcome at Parliament House. His Majesty King Ja'afar welcomed President Moi. Prime Minister Datuk Sri Dr. Mahathir was also on hand to welcome the state guest. Daniel Moi arrived today on a four-day official visit. He is being accompanied by a 72-member delegation that includes three ministers as well as high-ranking government officials and businessmen.

President Moi was accompanied by Chong Kah Kiat, minister in the Prime Minister's Department, who is the minister in attendance. The president was later introduced to cabinet members. The prime minister later visited President Moi at a leading hotel in the capital. They are expected to hold a meeting tomorrow to discuss issues of bilateral cooperation.

#### **Discusses Bosnia, UN Reform**

*BK1608093995 Kuala Lumpur THE STAR in English  
16 Aug 95*

[Received via Internet]

[FBIS Transcribed Text] Kuala Lumpur: The Yang di-Pertuan Agung [Paramount Ruler] Tuanku Ja'afar said Malaysia is willing to share its expertise and experience in economic activities with Kenya under the South-South co-operation.

He said Malaysia was convinced that countries of the South, too, have their own strengths and comparative advantages. "If appropriately combined, it could result in mutually beneficial partnerships that enhance growth in developing countries," he said at a state banquet at Parliament House in honour of Kenyan President Daniel Arap Moi last night.

The King said Malaysia was optimistic both countries could establish concrete programmes of co-operation to put good use the strength and advantages each country had. He also touched on the need for a thorough reform and restructuring of the United Nations including the Security Council, adding that Malaysia and Kenya could make an effective contribution. "Recent events in different parts of the world — Rwanda, Somalia and Bosnia — have shown that the UN in its present form cannot act decisively."

In his speech, Moi said his country supported the ongoing efforts aimed at reforming the United Nations to make it a viable body that is able to meet the new global challenges. Moi also said that his country wanted to learn from the Malaysian experience in its development into a "tiger" economy. Malaysia, he said, had in a space of a few years achieved remarkable and impressive growth. Moi also invited Malaysian investors and businessmen to visit "our part of the world and tap this lucrative market."

Earlier in the day, the Kenyan President was accorded a state welcome at Parliament House at the start of his four-day visit. He was greeted by the Yang di-Pertuan Agung and Prime Minister Datuk Sri Dr Mahathir Mohamed.

Moi is leading a 73-member delegation including three ministers — Minister of Foreign Affairs and International Co-operation Stephen Kalonzo, Minister of Commercial and Industry Kirungi C. M'Mukindia and Minister of State Kipkalya Kones.



**Signs Agreements**

*BK1608142495 Kuala Lumpur RTM Television  
Network 1 in Malay 1200 GMT 16 Aug 95*

[FBIS Translated Text] Kenya has expressed its interest and amazement over Barisan Nasional's [National Front] ability to establish a strong government and its capability of uniting this country's multiracial society. As a result, Kenya plans to send a political delegation to review the Barisan Nasional's structure. Kenyan President Daniel Moi said this during a meeting with Datuk Sri Dr. Mahathir Mohamed, the prime minister, at the prime minister's department.

Moi was given a lengthy briefing by Mahathir during their hour-long meeting. The two leaders exchanged their views and experiences concerning economic and national development. Meanwhile, several agreements were reached during the bilateral meeting. Foreign Minister Datuk Abdullah Ahmad Badawi, who was present during the two meetings, said an agreement to upgrade bilateral ties in the economic, trade, and tourism fields was among the agreements reached. The airlines of the two countries were urged to further enhance greater cooperation.

The national car, Proton Saga, also attracted Kenya's attention with regard to importing the automobiles.

Malaysia has also agreed to train Kenyan officials in the industrial sector. The Malaysian Industrial Development Authority, MIDA, has been tasked with such a responsibility. Kenya has also urged Malaysian companies to make investments in the country through joint ventures with their Kenyan counterparts.

In conjunction with the meetings, the two countries signed an economic, scientific, technical, and cultural bilateral cooperation agreement. Datuk Abdullah signed the agreement with Mr. S.K. Musyoka, his Kenyan counterpart.

**Premier Departs on Visit to RSA, Namibia**

*BK2108072895 Kuala Lumpur RTM Television  
Network 3 in Malay 0530 GMT 21 Aug 95*

[FBIS Translated Text] Datuk Sri Dr. Mahathir Mohamed, the prime minister, left for South Africa this morning on a five-day official visit to strengthen bilateral relations and promote cooperation. He is accompanied by his wife, Datin Sri Dr. Siti Hasmah Mohamed Ali, three ministers, two deputy ministers, two chief ministers, and businessmen. Present at the airport were Datuk Sri Anwar Ibrahim, the deputy prime minister, as well as several ministers and deputy ministers.

Several memoranda of understanding are expected to be signed by the two countries by Mahathir and South

African President Nelson Mandela. The prime minister is scheduled to call on Mandela in Pretoria. He will also address a trade seminar jointly sponsored by the Asian Strategic and Leadership Institute, or ASLI, and the Malaysian Rural Development Corporation, MARDEC.

Mahathir will later leave for Windhoek for a visit to Namibia. He will meet President Nujoma. The prime minister will visit a low-cost housing project developed by a Malaysian company, Ekram Associates, and its partner from that country.

**Sabah Departs Over 4,800 Illegal Immigrants**

*BK1808094895 Kuala Lumpur THE STAR in English  
18 Aug 95*

[Received via Internet]

[FBIS Transcribed Text] Kota Kinabalu — A concerted effort to deport illegal Filipino and Indonesian immigrants has been made in Sabah with over 4,800 sent back to their respective countries in the past six months. Through operations coordinated by the Federal Special Task Force [STF] handling the Indonesian and Filipino immigrant problem in the state, some 10,000 illegal immigrants are expected to be sent home by end of the year.

Task Force Director Zainudin Abdul Bahari said apart from the 4,800 sent back in the first six months, some 775 others had voluntarily returned to their home countries. He said the state-wide operations, codenamed Ops [Operation] Badang, involved the police, immigration, armed forces, Labour Department, and National Registration Department.

The much awaited temporary detention centres (immigration depots) in Sandakan and Tawau are already operational for a more organised deportation process. Zainuddin said with the two immigration depots, the task force did not have to rely on overcrowded prisons and police lock-ups to keep the immigrants before deporting them.

He said some 3,800 illegal immigrants were picked up during six major operations under Ops Bandung carried out at places of high immigrant concentration, including plantations, factories, and squatter colonies.

Smaller scale operations codenamed Ops Tanduk was also being carried out simultaneously, with raids at vice dens, coffeeshops, and other establishments. Last night, several such raids were made in the town centres of Inanam and Putatan here.

Zainuddin said the view of certain quarters that the STF, set up in 1989, was inactive was not true. "Our action is on-going," he added.



## Singapore

### Herald Tribune Ordered To Pay Libel Damages

BK2408074895 Singapore THE STRAITS TIMES  
in English 23 Aug 95 p 1

[Report by Wang Hui Ling]

[FBIS Transcribed Excerpt] In ordering the International Herald Tribune [IHT] to pay \$950,000 in libel damages to Singapore's top three leaders the High Court took into account the position of the three men, the gravity of the allegations against them, and the newspaper's standing.

In his written judgement handed out yesterday, Justice Goh Joon Seng noted that Senior Minister Lee Kuan Yew and Deputy Prime Minister Lee Hsien Loong had been accused of nepotism and corruption, and Prime Minister Goh Chok Tong of abetting in these practices. This, he said, "was an attack that would cause grievous harm to them in the discharge of the functions of their office and indignation on their part as it was an attack on the very core of their political credo".

The libel suit against the IHT arose over an August 2, 1994, article which alleged that "dynastic politics is evident in 'Communist' China already, as in Singapore, despite official commitments to bureaucratic meritocracy". It also referred to a "battle between the corporatist needs of the state and the interests of the families who operate it". The IHT apologised and did not contest the case.

At a hearing on damages last month, the judge awarded \$350,000 to Mr. Goh and \$300,000 each to Mr. Lee and BG [Brigadier General] Lee. The defendants in the case were the writer of the article, Philip Bowring, the IHT's executive editor, John Vinocur, and publisher Richard McClean. In his 35-page judgement Justice Goh said that in deriving the quantum of damages, he took into account the fact that there were aggravating factors in the case, and detailed the culpability of the three defendants. [passage omitted on comments about Singapore's leaders in FAR EASTERN ECONOMIC REVIEW]

### Paper Details '2d Wave' of Investment in Cambodia

BK2108114995 Singapore BUSINESS TIMES  
in English 21 Aug 95

[Report by Harish Mehta — received via Internet]

[FBIS Transcribed Text] Singapore — Cambodia is attracting a second wave of Singapore companies which are investing in a score of projects including petrol kiosks, rice farming, motorcycle assembly plants and a golf club.

Big players, and little-known firms, are headed for Phnom Penh, drawn by its low wages, a low corporate

tax rate of 9 per cent, and access to the US market through its most-favoured-nation trading status, which Washington is expected to accord Cambodia soon. Official approvals for projects are prompt.

Out of Cambodia's foreign investment commitments of US\$2.5 billion (S\$ [Singapore dollars] 3.6 billion), Singapore firms have invested over US\$300 million, creating some 4,000 Cambodian jobs. Malaysian firms are the biggest investors with a share of over US\$1 billion.

In an unusual deal, four Singapore firms teamed up with the Cambodian provincial government of Takeo to grow rice. Intraco, Hiap Huat, Thakral and Camsin plan to invest US\$20 million in the venture, and have leased a 10,000 ha [hectare] site in the province. Singapore's largest private warehouse operator, CWT Distribution, has a 70 per cent share in Camsin.

A CWT executive said the Singapore group will assist the Cambodian government to grow two or three rice crops a year. The Singaporeans will export the rice, help automate agriculture, and build an irrigation system. "It's a long-term project. The Cambodian government has expertise in growing rice, and Intraco has experience in rice trading," the CWT official said. For CWT Distribution itself, it has clinched a US\$20 million deal in October 1994 to develop Cambodia's first inland container depot near Phnom Penh's airport. It took the company only 17 days to secure official approval.

New entrant Caltex, whose investment project was cleared in 19 days, re-entered the country after 20 years and routed its US\$20 million investment through its Singapore hub. The company is setting up a network of petrol stations in the country and its competitors, such as Britain's Shell, Malaysia's Petronas and France's Total are doing the same.

To cater to Phnom Penh's swelling ranks of millionaires, Singapore's Maya Group is building a US\$50 million golf course in Phnom Penh. The firm got approval for the golf club in three days, and has started work on it in partnership with its affiliate, Pacific International Lines.

The list of Singapore firms in Cambodia is growing longer by the day. Lih Bah Pte Ltd says it has invested US\$2.5 million in a unit to make either Honda or Suzuki motorcycles. Paradise Tobacco and Rock International Tobacco have injected US\$7.5 million and US\$1 million in separate plants.

Thakral Cambodia Industries is investing US\$2 million in an electronics manufacturing plant.

Apsara Holdings Pte Ltd, a subsidiary of Hotel Properties Ltd, is building a US\$9 million hotel near the



Angkor Wat temple and Coopers and Lybrand has set up an auditing service. They are following the rush of the first wave of Singapore investors in 1994 that included deals such as DBS [Development Bank of Singapore] Land's US\$55 million investment to refurbish the Royal Hotel in Phnom Penh and the Grand Hotel in Siem Reap.

#### **Diplomatic Relations Established With Belize**

*BK2308142595 Singapore Radio Corporation of Singapore in English 1300 GMT 23 Aug 95*

[FBIS Transcribed Text] Singapore has established diplomatic relations with the South American state of Belize. A Foreign Ministry said relations to be established at ambassadorial level from today.

### **Cambodia**

#### **Prime Ministers Press Charges Against Publisher**

*BK2408073795 Hong Kong AFP in English 0726 GMT 24 Aug 95*

[FBIS Transcribed Text] Phnom Penh, Aug 24, (AFP) — Cambodia's two prime ministers [PMs] have asked a court to press criminal disinformation charges against an English-language newspaper published here by an American, a Ministry of Information official said Thursday.

Prince Norodom Ranariddh and Hun Sen have asked the Phnom Penh municipal court to charge Michael Hayes, publisher of the PHNOM PENH POST, with criminal charges of disinformation, incitement and creating insecurity and instability, Leng Sochea told AFP.

If tried and found guilty on the charges, Hayes could be sentenced to up to nine years in prison and subject to heavy fines, according to lawyers familiar with Cambodia's often confusing criminal code, much of which is held over from the United Nations peacekeeping mission.

The Cambodian parliament last month adopted a controversial new press law which contains provisions for jail sentences and heavy fines for "affecting national security and political stability" but it has not yet been signed by King Norodom Sihanouk.

The request for charges to be brought was made in an April 21 letter to the court from Hun Sen's lawyer Kao Bun Hong after the fortnightly Post published a story entitled "Security jitters while PMs' away" in its March 24-April 6 issue, Leng Sochea said.

The story, written by the POST's senior correspondent Nate Thayer, dealt with behind-the-scenes intrigue in the capital while Prince Ranariddh and Hun Sen were

attending a meeting of the International Committee on the Reconstruction of Cambodia in Paris in early March.

Quoting unidentified diplomatic and government sources, the POST said that the premiers feared a possible coup attempt by rival cabinet ministers in their absence and described troop build-ups on the outskirts of Phnom Penh.

The story also said that troops were put on alert to watch for a possible prison break-out by former interior ministry official Sin Sen who has been jailed since his conviction for leading a July, 1994 failed coup.

Leng Sochea did not say why news of the possible charges had not been released earlier.

Under Cambodia law, which is based on French law, complaints are made to prosecutors who then take the matter to investigating judges. Those judges then have six months to decide whether there is enough evidence for a court trial.

Leng Sochea said the judges had completed their investigation but it was unclear Thursday what their decision had been.

Hayes is now out of the country, but his wife, Kathleen, co-owner of the Post, said the paper had not yet been informed of the matter and declined comment.

#### **Japanese Foreign Minister Arrives on Visit**

##### **To Aid Development Effort**

*OW2308051395 Tokyo KYODO in English 0354 GMT 23 Aug 95*

[FBIS Transcribed Text] Phnom Penh, Aug. 23 KYODO — Japanese Foreign Minister Yohei Kono arrived in Cambodia on Wednesday [23 August] for an official one-day visit aimed at underlining Japan's commitment to helping the war-torn country reconstruct and develop. Kono arrived at Phnom Penh's international airport on a charter flight from Bangkok and went immediately for a palace audience with King Norodom Sihanouk, to be followed by a luncheon meeting.

The Japanese foreign minister, who will visit Australia on Thursday, was scheduled to hold talks later in the day with First Prime Minister Prince Norodom Ranariddh and Second Prime Minister Hun Sen before heading back to Bangkok early in the evening.

Takeshi Nakane, a spokesman for the Japanese foreign minister, said Kono will take part in a ceremony where diplomatic notes relating to two new economic cooperation projects, worth some \$20 million in grants, will be exchanged. The first project, worth approximately 1.7



billion yen or more than \$19 million, involves restoration of Phnom Penh's dilapidated telecommunications system. The other project, valued at 49 million yen or more than \$500,000, relates to the supply of educational and cultural television programs to the national television station.

Nakane said Kono will also pledge some 600 million yen in the form of food assistance, namely Thai rice, to help Cambodia overcome its food shortage. Nakane said Kono will indicate Japan's readiness to provide additional financial assistance to facilitate Cambodia's efforts to become a full member of the Association of Southeast Asian Nations (ASEAN).

Cambodia gained observer status in the influential regional body last month after signing its core treaty of amity and cooperation. The spokesman said the funds would go toward helping Cambodia cover the cost of sending officials to attend the numerous ASEAN meetings as Japan has already done in the case of Vietnam.

Kono, making his first visit to Cambodia, served as chief cabinet secretary at the time Japan took the controversial decision to dispatch its Self-Defense Forces to participate in UN peacekeeping operations in Cambodia, which led to the UN-organized elections in 1993. "So he really wants to see the situation right now," said Nakane. The spokesman said Kono "is going to reiterate Japan's positive attitude toward Cambodia's rehabilitation and reconstruction as well as development."

Japan is Cambodia's greatest aid benefactor, providing it with 11.72 billion yen in grant assistance and 850 million yen in technical cooperation assistance last year. Nakane said Kono is going to discuss with King Sihanouk and the co-prime ministers "how best Japan can contribute further." It is only the second time that a Japanese foreign minister has visited Cambodia. The last time was in September 1993 when then Foreign Minister Tsutomu Hata visited to inspect Japan's contributions to the UN peacekeeping effort.

#### Minister 'Excited' About Aid

OW2308220795 Tokyo KYODO in English  
1258 GMT 23 Aug 95

[FBIS Transcribed Text] Phnom Penh, Aug. 23 KYODO — Cambodia accepted a Japanese offer Wednesday [23 August] to help formulate a comprehensive economic plan aimed at ensuring the success of the struggling country's reconstruction and development efforts.

"We are very excited," said Cambodian Foreign Minister Ing Huot after seeing off visiting Japanese counterpart Yohei Kono at Phnom Penh's international airport.

"Japanese assistance in the planning process is very, very important," he told KYODO NEWS SERVICE. Kono made the offer earlier in the day in talks with co-premiers Prince Norodom Ranariddh and Hun Sen in the course of a seven-hour official visit.

After the talks, Kono and Ing Huot exchanged diplomatic notes on a 1.7 billion yen Japanese grant for the restoration of the dilapidated telecommunications network in Phnom Penh. Ahead of the talks, Kono had an audience with King Norodom Sihanouk, who Japanese officials said hailed Tokyo's generous assistance for Cambodia's reconstruction after decades of civil war.

During the talks with the Cambodian government leaders, Kono told them that Japan stands ready to assist in the formulation of a "blueprint for a comprehensive economic development plan" which would cover the mid-to long-term, Japanese officials said.

Kono was also quoted as saying that a solid, well-thought-out development plan, along with the political stability needed to implement it, are essential if Cambodia is to succeed in nationwide reconstruction and development. The existence of such a plan, combined with "strong political leadership," would also encourage Japanese and other foreign companies to start operations in Cambodia, he said.

Officials said the assistance would be rendered along the lines of that already being extended to Vietnam in accordance with its next five-year economic plan.

Ing Huot said Cambodia, starting from a very low base, is interested in learning from Japan's experience in rising from the ashes of World War II to become the economic powerhouse it is today. "We have a lot to learn from the Japanese," he said.

Hun Sen was quoted as telling Kono that Cambodia is "extremely pleased" at the new offer.

Ranariddh, meanwhile, said Cambodia also looks to Japan for further assistance in such areas as electrification of rural areas, sewerage and drainage improvement, upgrading ports and assessing the potential for exploitation of certain minerals and petroleum resources in particular.

Officials said he implicitly proposed that Japan resume low-interest yen loan assistance for a dam project it funded in the late 1960s.

Hun Sen was quoted as saying that while Cambodia needs immediate assistance in the form of grants and private-sector investment, it also looks forward to low-interest official credits.



Officials said Cambodia is expected to take steps to become eligible for loan assistance within about one year. But Kono stressed the importance of moving ahead with work on a "blueprint for overall development" before proceeding with the "next phase" of expanded Japanese assistance. Ing Huot echoed the sentiment, telling reporters, "I think that if we have a master plan we can talk about loans and so on."

Japan is Cambodia's greatest aid benefactor, last year providing it with 11.72 billion yen in grant assistance and 850 million yen in technical cooperation assistance.

In a meeting with King Norodom Sihanouk, Kono was quoted as reaffirming Japan's commitment "to continue assistance to Cambodia to the extent possible." It is only the second time that a Japanese foreign minister has visited Cambodia. The last time was in September 1993 when then Foreign Minister Tsutomu Hata made the trip to inspect Japan's contributions to the U.N. peacekeeping effort. Having met with Thai leaders in Bangkok on Tuesday, Kono was scheduled to leave Thursday [24 August] morning for Australia, the last leg of his three-nation tour.

## Indonesia

### Croatian, Serbian, Bosnian Presidents To Meet

*BK2408082895 Hong Kong AFP in English  
0813 GMT 24 Aug 95*

[FBIS Transcribed Text] Jakarta, Aug 24 (AFP) — The presidents of Croatia, Serbia and Bosnia-Herzegovina have accepted an invitation from Indonesian President Suharto to meet in Indonesia to try resolve the conflict in the former Yugoslavia, a senior Indonesian official said Thursday.

"The three heads of state from the former Yugoslavia have principally agreed to meet in Indonesia at a date that has yet to be set," Indonesian Ambassador-at-large Nana Sutresna told a press conference here.

Sutresna, who heads the executive body of the chairman of the Non-Aligned Movement (NAM), said presidents Franjo Tudjman of Croatia, Alija Izetbegovic of Bosnia-Herzegovina, and Slobodan Milosevic of Serbia had welcomed an initiative by NAM Chairman Suharto to act as "facilitator" of the meeting.

The date will be set after Sutresna has held technical meetings with the three countries, Sutresna added. It was unclear whether the meeting will be held before Indonesia is due to hand over the movement's chairmanship to Colombia in October.

Suharto said in March that Indonesia was proposing to facilitate peace in the former Yugoslavia by trying to

encourage all breakaway states to meet on their own to solve their problem.

### Antinuclear Group Protests at PRC Embassy

*BK2408020895 Jakarta ANTARA in Indonesian  
1736 GMT 23 Aug 95*

[FBIS Translated Text] Jakarta, 23 Aug (ANTARA) — A group of the Indonesian Anti-Nuclear Society (MANI) has strongly condemned the recent nuclear test in Lop Nor, northern China and urged the Chinese Government to discontinue its nuclear program.

Demonstrating at the PRC Embassy grounds in Jakarta on Wednesday, about 50 MANI members also demanded that the Chinese Government not build up regional hegemony through territorial provocations and the development of nuclear weapons.

According to a MANI member Muhammad Anung, they tried to meet with the PRC ambassador to Indonesia to submit their demands, but were unable to do so because the ambassador was absent.

Finally, they were received by Song Tuheng [name as received], Chinese Embassy first secretary. According to Anung, Song Tuheng said in essence that it was inappropriate for MANI to protest against the Chinese Government because China's nuclear program was for self-defense and not for aggression.

Anung quoted Song Tuheng as saying that other Asian countries, including Indonesia, should not be worried because China's nuclear program was not directed at other Asian countries but rather at other possessors of nuclear weapons.

Anung, however, said the development of nuclear weapons in China is unacceptable because nuclear weapons are weapons of mass destruction and experience has shown that hundreds of thousands of Japanese suffered from nuclear explosions in Hiroshima and Nagasaki 50 years ago.

In addition, the Chinese nuclear test could step up the nuclear arms race in the world, something strongly undesirable by the world community.

"Under the spirit of independence, the MANI expresses its sympathy with thousands of indigenous inhabitants of Lop Nor who have suffered from China's nuclear tests in that region," said Anung, who represents MANI.

In the meantime, MANI urges the Indonesian Government to strongly protest against China's nuclear tests, Anung said.



**Ministry Protests Flag Burning in New Zealand**

*LD2408102195 Melbourne Radio Australia  
in English 0700 GMT 24 Aug 95*

[FBIS Transcribed Text] Indonesia has formally protested to New Zealand over the burning of an Indonesian flag during a demonstration last week in Wellington. New Zealand's ambassador in Jakarta, Tim Groser, was summoned to the Foreign Ministry to receive the protest. Mr. Groser said he told the ministry that the New Zealand Government regarded the burning of the Indonesian flag as a disgraceful act. However, he added that New Zealand, like most Western countries, had not banned burning of flags.

The burning of the Indonesian flag in Wellington occurred during a demonstration outside a hotel where celebrations were being held to mark the 50th anniversary of Indonesian independence. Indonesia has also protested over similar incidents in Australia, where the burning of foreign flags is also not against the law.

**Foreign Minister Reaffirms Ties With Australia**

**Flag Burning Not 'Devastating'**

*BK2408084495 Jakarta Radio Republik Indonesia  
Network in Indonesian 0600 GMT 24 Aug 95*

[FBIS Translated Text] Ties between Indonesia and Australia are solid, wide-ranging, and profound enough to withstand the recent flag-burning incidents in that country. Foreign Minister Ali Alatas admitted that the incidents do affect bilateral ties but the impact is not devastating. Generally speaking, bilateral ties can still continue. The minister also hopes that the recent incidents will not be repeated.

Speaking to reporters after he met with President Suharto at the Cendana Road presidential residence in Jakarta today, Alatas said the press should not exaggerate the incidents. Minister Alatas reported to the president on routine matters including invitations extended to the minister by the United Nations and other countries.

**Military Exercises To Continue**

*BK2408094595 Jakarta Radio Republik Indonesia  
Network in Indonesian 0600 GMT 24 Aug 95*

[FBIS Translated Text] Joint military exercises between Indonesia and Australia will continue, and will not be affected by the burning of Indonesian flags in Australia. Speaking in Cilacap, Lieutenant General Suyono, chief of general staff of the Indonesian Armed Forces, said the flag-burning incident took place when the joint military exercise was under way, but it was not affected by the incident. There was never any problem during

the preparation and implementation of the recent joint exercise. The agreement to hold joint exercises will be expanded as a means to anticipate the emergence of security problems in the Asia-Pacific, which must be jointly handled. Lt. Gen. Suyono noted that ties between Indonesia and Australia in various fields are still progressing smoothly and can be expanded in the future.

**E. Timor Rebels Express Concern About Leaders**

*BK2408125295 Hong Kong AFP in English  
1126 GMT 24 Aug 95*

[FBIS Transcribed Text] JAKARTA, Aug 23 (AFP) — Two leaders of the East Timor resistance movement were captured in late June by the Indonesian security forces and have not been heard from since, according to information from the resistance movement which reached Jakarta Thursday [24 August].

The two leaders are Pedia Nunes Sabalae and Remigio Levi da Costa Tilman, according to Maria Pinto, spokeswoman for the National Council of Maubere Resistance (CNRM) in Darwin, northern Australia. No spokesman for the armed forces in Jakarta was available for comment.

Resistance leaders have asked the International Committee of the Red Cross (ICRC) to inquire about the welfare of Sabalae and his friend but requests for information had been "completely ignored" by Indonesian authorities, Pinto said. "It look like we will never see Sabalae again," she added.

Henri Fournier, regional delegate for the International Committee of the Red Cross (ICRC), said his organization had repeatedly asked the authorities for news about the two. "We are very concerned ... we are still awaiting fuller response to our questions," he said.

About 20 people have been listed as missing or dead in unexplained circumstances in East Timor since the start of the year, according to humanitarian or religious sources in Dili and Jakarta.

Pinto said the two men were captured in Manutendodok, between Dili and Ermera, on June 29. Sabalae had been the CNRM's secretary of civilian resistance and had been hunted by Indonesian authorities after demonstrations were staged in East Timor during a visit by Pope John Paul II in 1989, Pinto said. Sabalae was one of the most senior guerrilla leaders still free after Fretilin leader Jose Xanana Gusman was arrested and detained by Indonesian forces in 1992.

The CNRM spokeswoman said she feared Sabalae might have been killed or tortured, adding: "They will



try to get as much information as they can from them so that they can arrest other members."

Pinto said a replacement had already taken over Sabalae's clandestine work. Fretilin has put up armed resistance since Indonesian troops invaded the former Portuguese colony of East Timor in 1975. Jakarta unilaterally declared East Timor its 27th province a year later but the United Nations did not recognize the move.

The Indonesian military maintain that there are now "less than 200 fighters" in Fretilin, the main armed group. Human rights groups said as many as a quarter of East Timor's 1975 population of 800,000 may have died from malnutrition, disease or political violence since the Indonesian invasion.

#### **Editorial Stresses Will To Combat Corruption**

*BK2408083995 Jakarta SUARA PEMBARUAN in Indonesian 23 Aug 95 p 2*

[Editorial: "Political Will to Combat Corruption"]

[FBIS Translated Text] Corruption seemed to be the focus of attention of almost all legislative leaders and members when they were asked to comment on President Suharto's state address to the plenary session of the House of Representatives of the Republic of Indonesia on 16 August. In the state address, the head of state attributed all fruits of development to the dedication and hard work of the state apparatus from the center down to the villages.

The president simultaneously admitted that the gigantic state apparatus is clearly not free from shortcomings, mistakes, and misdeeds. According to the president, corruption and the abuse of power will undeniably be dealt with legally. The president said, however, that the nation would not have enjoyed progress and prosperity as it does now if most civil servants had been corrupt and unable to work.

We believe the president wanted to put the corruption issue in proper proportions because he admitted the existence of corrupt civil servants and said that action should be taken against them. He reminded us, however, not to generalize the issue because many civil servants are not corrupt and have brought the nation to the current level of progress and prosperity.

We are aware that Indonesians are increasingly attentive to and concerned over the involvement of civil servants in collusion and malpractice. This was reflected from various public opinions, including those of deputies, former officials, and current officials who attended the plenary session of the House of Representatives of the Republic of Indonesia on 16 August.

For example, former Vice President Sudharmono said after attending the session that the government has been against corruption but added that ways to tackle the issue should be improved in accordance with the law. Ismail Hasan Metareum S.H. [academic title], a deputy speaker of the House of Representatives, noted that Suharto made a rational and mathematical evaluation of current economic development and vowed to take legal action against those involved in corruption and the abuse of power. Oka Mahendra from the Functional Group House Faction stressed that existing corruption should be overcome, but potential corruption should also be watched to enable the government to eradicate corruption.

Sabam Sirait of the Indonesian Democratic Party House Faction stressed that corruption would have to be eradicated and an antimonopoly law enacted if Indonesia wants to be economically competitive in the Asia-Pacific region. Abu Hartono, a deputy from the Armed Forces of the Republic of Indonesia House Faction, stressed that the oath of allegiance to Pancasila should again be popularized to prevent civil servants from being easily tempted to commit corruption.

We have had the Anti-Corruption Law (1971) for almost a quarter of century, but corruption remains substantial. Professor Sumitro [an economist and a former minister] once estimated that 30 percent of the state budget had been squandered. The number of cases of malpractice discovered by the State Auditing Board, investigated by prosecutors, and settled in court has increased, but corruption tends to increase further.

As a matter of fact, the government has long declared its political will and commitment to combating corruption. Administrative reform has been set since the first five-year development plan. For the first time, a minister of state for administrative order and reform, concurrently chairman of the National Development Planning Board, was appointed in the first development cabinet (1969). A minister of state for administrative order and efficiency, concurrently deputy chairman of the National Development Planning Board, served in the second development cabinet.

Law No. 6/1974 was even enacted in 1974 to restrict the involvement of civil servants in private business activities. Corruption surfaced in 1977 when Operation Order was launched under Presidential Instruction No. 9/1977. The president instructed the minister of state for administrative order and efficiency and the chief of staff of the Operational Command for the Restoration of Security and Order to act against corruption. The operation was a firmer and more concrete step against the



abuse of power, commercialization of posts, corruption, squandering, and other misdeeds in the state apparatus.

However, efforts to eradicate the various cases of malpractice will not be effective only through repressive means. Wages and salaries must be improved to become more work-oriented. Similar jobs must be compensated with similar wages. Will the state be able to gradually improve the income of civil servants?

## Philippines

### PRC Plans Naval Exercises in Spratly Islands

#### Defense Minister Cited

BK2408041595 Hong Kong AFP in English  
0250 GMT 24 Aug 95

[FBIS Transcribed Text] Manila, Aug 24 (AFP) — China is planning to conduct military exercises in the Spratly islands in the South China Sea, press reports on Thursday quoted Defense Secretary Renato De Villa as saying.

De Villa was quoted as telling a congress hearing that "open sources" had informed the defense department that China was planning air and naval exercises in the Spratlys although he did not say when or how many troops would be involved.

Defense Department spokesmen would not comment on the report.

De Villa was quoted as saying the Philippines was watching the developments closely especially since China had occupied a reef in the Spratlys claimed by Manila and had shown no sign of vacating it.

The announcement of the Chinese occupation of the reef in February had strained ties between China and the Philippines, which along with Brunei, Malaysia, Taiwan and Vietnam, claim all or part of the Spratlys.

Beijing and Manila have recently held talks aimed at easing the tension and China has shown signs of willing to accede to international law in settling the issue.

The Spratlys, which are believed to have vast oil resources, have been identified as a potential flashpoint in Asia.

#### Ramos Seeks Details

LD2408125595 Melbourne Radio Australia  
in English 1100 GMT 24 Aug 95

[FBIS Transcribed Text] The Philippines says it's seeking details of forthcoming Chinese military exercises in the disputed Spratly Islands in the South China Sea. President Fidel Ramos said his government wanted to

know the exact location of where China was planning to hold the exercises. However, Mr. Ramos added that the Philippines was a little more comfortable about Chinese activities in the Spratlys than it had been in the past. He said this followed recent talks in which China indicated a willingness to resolve territorial disputes over the islands according to United Nations conventions on the Law of the Sea.

### Ramos Returns From Australia, New Zealand Visit

LD2308170395 Melbourne Radio Australia  
in English 1600 GMT 23 Aug 95

[FBIS Transcribed Text] President Fidel Ramos of the Philippines has described his eight-day visit to Australia and New Zealand as successful and highly productive. Speaking on arrival back in Manila, Mr. Ramos said his delegation had signed 19 investment related agreements worth \$1.6 billion dollars, as well as a number of trade related agreements. He said they had also signed four memoranda of understanding with Australia, including one covering greater defense cooperation. Mr. Ramos said he had assured Australian and New Zealand officials and investors of the Philippines political stability and economic recovery.

### Malaysia Agrees on Joint Sea Border Patrols

BK2308124995 Manila MANILA BULLETIN  
in English 21 Aug 95 p 20

[Report by Nonoy E. Lacson]

[FBIS Transcribed Text] Zamboanga City — The Philippine and Malaysian Governments have agreed in principle during their first five-day meeting here to conduct a joint border patrol in the two countries' common sea border to curb the illegal activities of the people using the sea lanes of the two countries. The accord was reached over the weekend during the first meeting of the Republic of the Philippines-Malaysia Border Patrol Coordinating Group meeting at the Garden Orchid Hotel here.

The Philippine Government hosted the meeting through the Armed Forces Southern Command (Southcom) headquarters here. The representatives of the two countries described the meeting here as "momentous and cordial for both countries."

The Philippine delegation was headed by Maj. Gen. Ruperto Ambil Jr., Southcom chief. He said all that they agreed on their level as representatives will have to be elevated to the higher level for the signing of the formal accord between the two countries.

Commodore Datu Tuan Hashim Bin Tuan Mohamad of the Royal Malaysian Navy has led a 15-man delegation



during the talks here. Mohamad expressed confidence that with the cooperation of both countries as agreed during the talks, "the effort at overcoming these problems (illegal border activities) will be improved during the next few days."

Ambil said the national government is very much concerned on how to minimize the illegal activities along the common border of the two countries. "The conference is more on how to enable both countries to find ways and means to curb illegal activities in their territorial border," the Southcom chief said. The two representatives ended their conference with both of them expressing satisfaction over the positive results of the conference here.

### Thailand

#### Japanese Foreign Minister Arrives for Talks

*BK2208133695 Bangkok Radio Thailand Network in Thai 1200 GMT 22 Aug 95*

[FBIS Translated Text] Yohei Kono, Japanese deputy prime minister and foreign minister, arrived at the Bangkok International Airport at 1505 today for an official visit, the first of its kind by a member of the Japanese Government [as heard].

Apart from paying homage to the late Princess Mother Somdet Phra Sinakharin at the Royal Palace, the Japanese deputy prime minister and foreign minister will have a meeting with Prime Minister Banhan Sinlapa-acha and Deputy Prime Minister Amnuai Wirawan. He will also meet Foreign Minister M.R. Kasemsamoson Kasemsi at the Foreign Ministry to discuss bilateral relations, trade, and joint investment. Yohei Kono, the Japanese deputy prime minister and foreign minister, also plans to visit Cambodia tomorrow.

#### Received by Prime Minister

*BK2208143495 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 22 Aug 95*

[FBIS Translated Text] As part of his official visit to Thailand, Yohei Kono, Japanese deputy prime minister and foreign minister, paid a courtesy call on Prime Minister Banhan Sinlapa-acha at Government House this evening. The topics of the consultations between the Japanese deputy prime minister and foreign minister and the Thai prime minister included political and economic relations and cooperation in the development of the Indochinese region.

Deputy Prime Minister Amnuai Wirawan, who was also present at the meeting, told reporters that Japan will continue to provide annual loans to Thailand and buy 380,000 tons of Thai rice, adding that the yen's

appreciation has partly contributed to the expansion of Japanese investment in medium-size industries in Thailand.

#### Support Pledged for Japan's UN Bid

*BK2308055695 Bangkok THE NATION in English 23 Aug 95 p A3*

[FBIS Transcribed Text] Thailand will support Japanese attempts to seek a permanent seat on the United Nations Security Council, which is undergoing restructuring, Foreign Minister M.R. Kasemsamoson Kasemsi said yesterday.

Visiting Japanese Foreign Minister Yohei Kono asked for Thai support yesterday when he met Prime Minister Banhan Sinlapa-acha. Speaking after Kono's courtesy call on Banhan, Kasemsamoson quoted the Japanese minister as also requesting Thai support at the Asia Pacific Economic Cooperation meeting in Osaka in November.

Kasemsamoson said he would discuss with other Asean countries the Japanese request that Asean should reconsider the date for the Asia-European summit as it clashes with the Japanese political debate on its annual budget.

Japan and South Korea are among the countries who have been invited to attend the meeting. Thailand, said Kasemsamoson, has found it difficult to reschedule the Asia-European meeting scheduled for next March, saying the European Union and Asean have already agreed to a timeframe for the forum.

Kono's visit is aimed at promoting friendly ties between the two governments. The Japanese minister took the opportunity to pay last respects to the late Her Royal Highness the Princess Mother who passed away last month, said Kasemsamoson.

Deputy Prime Minister Amnuai Wirawan was also present at the meeting at Government House.

Kono, acting leader of the core party of the ruling coalition, the Liberal Democratic Party (LDP), yesterday praised Banhan for winning the general election in July. At the same time, the premier also wished the Japanese minister every success in his attempts at seeking re-election as head of the LDP, the country's oldest political party. Kono, also deputy prime minister, and Hashimoto Ryotaro, another LDP leader, are competing for the chairmanship of the party in the upcoming Party election.



### **Japan Reacts 'Coolly' to Road Project**

**BK2408055295 Bangkok THE NATION in English**  
24 Aug 95 p B3

[FBIS Transcribed Excerpt] Japan has reacted coolly to Thailand's initiative to accelerate the rehabilitation of a sub-regional route linking Thailand with Vietnam via central Laos but agreed to consider it in the context of its blueprint for comprehensive development of Indochina.

While Japan supported Thailand's key role as a link between Asean and Indochina, Japan viewed that development of Indochina should be conducted in a systematic manner.

The Japanese Foreign Ministry's Director-General of the International Press Division, Takeshi Nakane, told reporters on Tuesday that the proposal was raised by Prime Minister Banhan Sinlapa-acha in his meeting with Japanese Foreign Minister Yohei Kono in the context of Thailand's increased involvement in the reconstruction of Indochina.

According to Nakane, Kono, in emphasizing the approach, told Banhan that Japan will continue to support the reconstruction of Indochina through the Forum for development of Indochina and the Mekong River Commission. "The forum is designed to consolidate various governments' and regional donor agencies' planned assistance to Indochina and avoid duplication of work," said Nakane.

Tokyo also wants to make the financing, either individually or collectively, of much-needed development projects in Indochina cost-effective and the projects themselves well-integrated to truly serve the needs of the region, said Nakane. [passage omitted]

### **Delays Said Threatening WTO Reforms**

#### **Politics Blamed**

**BK2408080295 Bangkok BUSINESS DAY in English**  
24 Aug 95 p 2

[Report by Alan Boyd]

[FBIS Transcribed Text] Political delays are threatening Thailand's commitment to services reforms under the World Trade Organization [WTO], with government officials warning that legislation may come too late to meet implementation targets.

The collapse of the Chuan government in May scuttled plans for a financial master plan and changes to the Alien Business Law that form the basis of the Thai proposals presented in Geneva two months ago.

Finance Minister Surakiat Sathianthai has promised to endorse the reforms, but contradictory government

statements have raised doubts over whether the package will remain intact. "It has already been held up since November last year and the impetus has gone out of the initiative since the departure of (former Finance Minister) Tharin Nimmanhemmin," said a government official involved in trade talks. "There is nobody now in the Cabinet with the vision to see this through", he said.

Thailand backed the WTO financial services liberalization late last month along with other ASEAN members and the 15-member European Union. The General Agreement on Trade in Services (Gats) provides for commitments on opening domestic markets in services, including the abolition of foreign ownership restrictions.

Included in the Thai package are pledges to upgrade foreign banks into full branches, increase the number of offshore banks open up the insurance industry and boost the scope of the financial firms. Everything is scheduled to be achieved by 1997. More liberal than earlier offers, the changes were cautiously accepted by the United States, which refused to sign the Gats accord because it claimed that some countries in Asia, Africa and Latin America nations were not making enough concessions.

### **Paper Stresses Commitment to WTO**

**BK2408084295 Bangkok BUSINESS DAY in English**  
24 Aug 95 p 4

[Editorial: "Thailand Must Honor Pledge On Financial Services"]

[FBIS Transcribed Text] Thailand has made a commitment to the World Trade Organization (WTO) to liberalize the country's financial markets in an expeditious and orderly manner. Under the General Agreement on Trade in Services (Gats), the commitments include far-reaching steps to open domestic financial markets to foreign participation and the eventual abolition of foreign ownership restrictions. Two months ago in Geneva, the Thai Government promised to make substantial changes and additions to the Alien Business Law in the spirit of conforming with the requirements of Gats.

Much has happened on the Thai political front in the past two months, and so concerns have understandably been raised over whether the present government will honor Thailand's commitments to the WTO in spirit as well as in substance. International concerns have also surfaced over this issue because, to date, the new government has given out contradictory signals on financial liberalizations measures. Some critics of the government's unsteady posture on this issue have even gone so far as to say that apparent delays in implementing the agreement may be politically motivated and that the implementation targets may not be met.



Finance Minister Surakiat Sathianthai has said that he supports the financial reform measures, but what is needed are specific and tangible steps to ensure its progress.

What Thailand's leaders need to do now is promptly to get the financial liberalization process back on track both to honor the commitments to the WTO and to deliver to the public the benefits of financial liberalization.

Former Finance Minister Tharin Nimmanhemmin masterminded the Financial Master Plan, and it is widely acknowledged by Thai as well as international authorities that the Plan contains all the essential ingredients of a well thought-out blueprint for the country's economic and financial future.

The plan's objectives and measures are designed to benefit the Thai public as well as to usher Thailand into the era of free trade as a strong member of the international community. The fundamental soundness of the Financial Master Plan should give the present government more than sufficient reason to proceed with Gats-related commitments.

In specific terms, Thailand has pledged to achieve the financial liberalization measures by 1997, including upgrading the legal status of foreign banking concerns as well as allowing for an increase in their numbers, opening up the insurance industry, and expanding the types of services which financial firms may conduct. If all this and more is to be done by 1997, Thailand cannot afford the luxury of procrastination or any other forms of delay, including politically motivated ones.

What is at stake is not only the country's credibility within the international community, but also the tangible benefits that will accrue once the liberalization measures are put in place.

**WTO Agriculture Body To Meet on Import Quotas**  
*BK2308053195 Bangkok BANGKOK POST*  
*in English 23 Aug 95 p 17*

[FBIS Transcribed Text] Danai Dulalampha, chairman of the World Trade Organisation's [WTO] agriculture committee, will call an informal meeting of ten key countries next month to discuss how import quotas could be allocated. Quotas are part of the agricultural market-opening deal concluded in the Uruguay Round of world trade talks. Although participants have accepted the sizes of the quotas that were committed, some disputes remain over the way quotas are shared among suppliers.

Mr Danai, who is Thailand's ambassador to the WTO in Geneva, told reporters in Bangkok yesterday, the

United States could be asked to study implications of various methods of administering quotas. The European Union could be asked to study the use of state trading monopolies to import agricultural crops, he said. These monopolies are not outlawed by the WTO agriculture agreement although trade experts argue they can be used to create trade barriers, for example to control the volume of imports.

The ten countries invited to informal talks on September 15-16 are: the United States, Japan, European Union, Canada, Switzerland, Australia, New Zealand, South Korea, India, China, Thailand and Argentina. They are among countries most active in agricultural negotiations and cover the full range of positions from the more protectionist — such as the EU, Switzerland, South Korea and Japan — to freer traders such as the United States, Australia, Argentina and Thailand.

Among quota allocation methods Mr Danai listed were: first-come first-served, bidding, and allocations based on past histories or in proportion to applications to import. Each of these has advantages and disadvantages, he said. If a quota is small, a large supplier could be awarded the entire quota and monopolise trade; allocations based on the size of the request could lead to inflated requests and subsequent trading in quotas.

Allocation by bidding raises the question of timing of the bid — an auction for import quotas at a time when prices are seasonally low could further depress domestic prices, Mr Danai said. He said he would convene a committee formally for the third time on September 27-28. So far committee members have only exchanged views.

From now on, proceedings could become more heated if members have complaints about the way the agreement — into force at the beginning of this year — is implemented, he said.

The United States and EU are already in dispute over the union's oilseed subsidies and its import barriers on rice and meat. Washington says the EU's expansion to include Austria, Finland and Sweden this year breaks the EU's commitments under the WTO. Because of Thailand's interest in these products, the Thai commercial attache in Washington is following developments closely.

Meanwhile, the Thai government has not completed arrangements for allocating committed import quotas. Products imported within quotas are to be charged lower tariffs ranging from 0% for potatoes and 5% for soybean to 30% for rice and 65% for sugar.

Tariff Rates for quantities exceeding quotas are generally prohibitive, ranging from about 60% to 237.6% for powdered low fat milk. Quota quantities range from



five tons for raw coffee beans and 13,105 tons for sugar to 237,863 tons for rice, 400,000 tons for maize and 550,000 tons for soybean meal. Allocation methods for soybean and soy meal, rice, coconut, potatoes, maize, milk powder, coffee, tobacco, onions, garlic, pepper, onion seeds, sugar and silk thread have been decided, as well as for soy, palm and coconut oils.

**Central Bank Raises Projected Account Deficit**

*BK2408051095 Bangkok THE NATION in English  
24 Aug 95 pp B1, B2*

[FBIS Transcribed Text] The Bank of Thailand yesterday revised the current account deficit upwards for 1996-2000 to 3.5 per cent of GDP, up from the two per cent projected earlier, to reflect heavy investment in the upgrading of Thai industries. The central bank, Finance Ministry and National Economic and Social Development Board also reached a consensus on economic growth and inflation projections for 1996, with GDP projected to grow 8.5- 8.8 per cent and inflation 4.8 per cent.

The inflation target for 1995 is 5-5.2 per cent, revised up from the 5 per cent target announced earlier this year. Wichit clarified that the inflation rate of 5.8 per cent in July was unusually high due to two key factors — demand pull and cost push — while the average rate for the first seven months this year was 5.3 per cent.

Finance Minister Surakiat Sathianthai said at the same press conference that inflation is not a serious problem at this stage, despite heavy publicity of the July inflation figure of 5.8 per cent. In response to a reporter's question as to whether the different inflation projections reflected the government's inability to handle the situation, he said it was not unusual for different agencies to come up with different figures but the situation was not serious.

Wichit said the current account deficit would be larger than earlier projected because it is now clear that Thai industries will have to undergo a restructure, which would mean heavy investment in imported goods over the next five years.

Investment would therefore double from about [Thai baht] Bt1.5 trillion a year during 1991-95, to about Bt2.75 trillion from 1996- 2000. The industrial restructure is inevitable so the economy will suffer with a bigger current account deficit, reflecting the shortage of domestic funds to meet investment requirements.

However, Wichit said the 3.5 per cent projection was independent of the government's efforts to narrow the investment savings gap through a package of measures

initiated by the previous finance minister, but which would be pursued by the current government.

Finance Permanent Secretary Aran Thammano heads a committee to formulate the package. The central bank yesterday also revised downwards this year's current account deficit to 6.1 per cent of GDP as a result of the stronger US dollar. The new forecast is down from the 6.3 per cent announced in July when the yen was much stronger. If the yen stays at the current level of Y97 to US\$1, the deficit would be better.

The economy is not yet out of danger of overheating, but Wichit said current growth was still sustainable despite three consecutive years of high growth if savings are better and the current account deficit under control. To stay competitive in the freer world market, the central bank expected industries to invest heavily over the next five years so more savings would have to be mobilized to finance upgrade programmes.

Wichit also threatened to use strong measures against banks and finance companies if they fail to follow the credit control policy. Such measures include credit control for each of the lending institutions.

Unless the situation is controlled, interest rates would have to be pushed higher, which is not good for everyone, but he said the current level is suitable. He also said the central bank would use special measures to check capital flow if other means are not effective, but declined to elaborate.

Credit growth was at a high of 29 per cent in the first six months of 1995. If the yen stays at the current level of Y97 to \$1, the outlook for the rest of this year is still good since export growth remains strong, averaging 24.8 per cent in the first seven months, he said.

Meanwhile, Wichit opposed Deputy Finance Minister Newin Chitchop over the 1.1 million telephone line expansion project. Wichit said the project should be implemented because it is essential for the country and would not increase the inflation rate. "The investment plan for mega projects each year is one of the factors calculated into the inflation rate, so the 1.1 million line expansion scheme would not affect the figure," Wichit said. Newin earlier objected to the plan saying the investment could result in a higher inflation rate. The Cabinet eventually ordered the Transport and Communications Ministry to revise its plan.

**Budget Proposals for 1996 Receive Approval**

*BK2308055395 Bangkok THE NATION in English  
23 Aug 95 p A3*

[FBIS Transcribed Text] The Cabinet yesterday approved the Budget Bureau's proposed [Thai baht]



Bt843.2 billion budget for government and state enterprise agencies for the 1996 fiscal year, deputy government spokesman Phonthep Thepkanchana said yesterday. The Cabinet also assigned the Budget Bureau to formulate the national budget for the 1997 fiscal year to be proposed to the Cabinet on Sept 5, he said.

According to a Cabinet statement, the budgets approved for different ministries in the 1996 fiscal year were:

- Federal budget: Bt81,104,342,700, an increase on last year's budget by 16.72 per cent;
- PM's Office Ministry: Bt8,057,292,500, an increase of 15.10 per cent;
- Defence Ministry: Bt100,586,510,800, an increase of 9.67 per cent;
- Finance Ministry: Bt49,520,158,300, an increase of 0.30 per cent;
- Foreign Ministry: Bt4,398,577,200, an increase of 12.61 per cent;
- Agriculture Ministry: Bt75,776,667,800, an increase of 18.54 per cent;
- Communications Ministry: Bt70,274,828,500, an increase of 29.80 per cent;
- Commerce Ministry: Bt4,084,363,000, an increase of 38.71 per cent;
- Interior Ministry: Bt153,149,695,000, an increase of 43.30 per cent;
- Labour Ministry: Bt10,444,562,000, an increase of 25.48 per cent;
- Justice Ministry: Bt4,301,537,600, an increase of 54.65 per cent;
- Science Ministry: Bt11,176,037,200, an increase of 38.70 per cent;
- Education Ministry: Bt133,789,609,000, an increase of 20.90 per cent;
- Public Health Ministry: Bt56,545,875,700, an increase of 25.38 per cent;
- Industry Ministry: Bt4,963,863,500, an increase of 22.36 per cent;
- University Affairs Ministry: Bt32,200,458,000, an increase of 30.33 per cent;
- Other government agencies: Bt4,476,760,600, an increase of 14.61 per cent;
- State enterprise agencies: Bt24,988,860,600, an increase of 36.45 per cent;
- Circulating funds: Bt13,360,000,000, an increase of 12.28 per cent.

#### **Former Minister Warns About 'Rising Inflation'**

BK2108044595 Bangkok THE NATION in English  
21 Aug 95 p E 2

[FBIS Transcribed Text] Former Deputy Prime Minister Suphachai Phanitchaphak yesterday called on the gov-

ernment to tackle the rising inflation rate by outlining clear-cut and concrete policies in order to send the right message to both local and foreign investors.

Speaking recently at a seminar entitled Thailand's Survival Path in the World's Financial Market, Supachai blasted the government for failing to say exactly what it will do to tackle inflation. "So far, investors have preferred to wait and see in the stock market and have simply stopped trading," he said.

He said while the Bank of Thailand has released a set of measures to fight inflation which includes lending restrictions and the issue of Bank of Thailand bonds, the Commerce Ministry, an agency which is directly responsible for curbing prices, has failed to do anything so far. Curbing prices will help control inflation, he said.

Suphachai also asked the government to keep quieter on its various plans; for example, the plan to set up new ministries, to subsidize farm goods, and to buy more weapons. Although these plans are not yet in place and that money is not yet spent, "it creates public scepticism that the government will use more money than it has and thus could create further inflation."

Suphachai said such plans to establish new ministries or set up new supporting funds, "all need money." He insisted that the government could go on doing what it promises but must make sure that its spending activity does not affect the expenses the government is facing now.

Suphachai, however, said repeatedly the government had better keep its mouth shut as "it seems it says something one day and changes a day later. 80 per cent of what it previously announced is being reversed," he said. He implored the government to stick to the same regulations for the setting up of new commercial banks as drafted by the former government, "for the sake of financial stability."

Meanwhile, Dr Somchai Phakaphaswiwat, a Political Science professor at Thammasat University, said the government's policy should be defensive more than offensive because the public is fearful of inflation and of sensational issues which may send the stock market further downhill. "But so far, the government's policy is not defensive but rather offensive," he said.

Somchai pointed to the Bt10 billion budget spending increase earmarked for fiscal 1996 and the government's plan to allocate more money for tackling traffic woes. "These messages just make people confused. They feel a greater lack of confidence over the government," he said.



**Cabinet Approves Intellectual Property Court**

*BK2308052095 Bangkok BANGKOK POST  
in English 23 Aug 95 p 15*

[FBIS Transcribed Text] The Cabinet yesterday approved a bill to establish an intellectual property and international trade court and accompanying judicial process as requested by the Justice Ministry.

The intellectual property and international trade court will be empowered to rule on both civil and criminal cases involving violations of trademark, patent and copyright laws. The central intellectual property and international trade court will have jurisdiction in Bangkok, Samut Prakan, Samut Sakhon, Nakhon Pathom, Nonthaburi and Pathum Thani.

**Authorities Agree to Cambodian Border Request**

*BK2408062795 Bangkok BANGKOK POST  
in English 24 Aug 95 p 6*

[FBIS Transcribed Text] Local Thai authorities yesterday agreed in principle to their Cambodian counterparts' request for reopening of the Boeng Trakuan-Ta Phraya temporary border pass. The pass has been closed since February following Cambodian bandits' cross-border raids against Thai villagers.

Sa Kaeo Governor Kasem Chaiyasit led the Thai team to yesterday's meeting with Banteay Meanchey Governor Duong Khem and his team. It was agreed each side should set up a committee to draw up regulations on the use of the border pass once it reopens. They will meet again to discuss their findings, and the Sa Kaeo governor will forward the matter to the Interior Ministry for acknowledgment.

**Commentary Urges Action To Deal With Hopewell**

*BK2408054995 Bangkok THE NATION in English  
24 Aug 95 pp B1, B4*

[Commentary by Watsana Khomphira]

[FBIS Transcribed Text] Hong Kong-based Hopewell Holdings Co's managing director, Gordon Wu, once vowed to complete the first phase of the Don Muang-Yommarat elevated rail/road project in 1995, four years after signing a 30-year concession contract with State Railways of Thailand [SRT] in December 1990.

But that turned out to be an empty promise as Hopewell has told the SRT that the first two phases of the entire project would take another four years to complete.

Hopewell has blamed the delay on wrangling over how to carry out the project with the SRT, but the latter, as well as many Thai agencies, have put the blame on former Transport and Communications Minister Montri

Phongphanit, who approved the project despite the fact that it was ill-studied, ill-conceived and ill-defined.

Montri, now agriculture minister, was also responsible for many of the mishaps currently being experienced with the Don Muang tollway project.

According to the contract with Hopewell, the Gordon Wu company would separate the project into five phases, each of which would be completed annually between 1995-1999.

But the revised plan would instead see Hopewell combine the five phases into two phases for completion in 1998-1999.

Although the SRT was disappointed that it was unable to force Hopewell to speed up the first phase, it did not take legal action or seek to terminate the contract because the completion of the first phase is just a commitment and not a condition in the contract.

Such clauses in the contract with the Thai government are unusually lax.

The SRT recently conducted a survey of the work progress, which showed that:

— The first phase from Hua Lamphong to Yommarat was only six per cent complete.

— The second phase from Hua Lamphong via Yommarat to Hua Mak and from Makkasan to Maenam was only one per cent complete.

— The remaining three phases from Don Muang to Rangsit, Yommarat to Thon Buri, Hua Lamphong to Wongwian Yai, Thon Buri to Talingchan and Wongwian Yai to Pho Nimit showed no progress.

The construction timetable is one of the SRT's efforts to avoid further delays. It was initiated by the former chairman of the SRT board of director, Suthi Singsane, and was aimed at accelerating the project under a fast track programme.

There could be an additional agreement between both sides that the SRT would be able to take legal action unless the company completes the project within the scheduled time.

The SRT is to hold talks with Hopewell in an effort to settle the timetable this month, but a new round of talks aimed at binding the company to hastening the project is not likely to be possible.

The dispute over the rail project has been bitter. The long-awaited rail project was signed by former Transport and Communications Minister Montri, voted "Mr Project" by political reporters attached to Government House.



Since then there have been five ministers, six chairmen of the SRT's board; and three SRT governors involved in the project.

During Winai Somphong's stint as transport minister, the elevated railway tension deeply hurt key SRT officials. SRT board chairman, Dr Wiraphong Ramangkun, was dismissed after he urged the minister to issue an official warning letter to Hopewell.

The director of the SRT's project bureau, Dr Nimitchai Sanitphan, who was in charge of Hopewell project, and governor Sommai Tamthai were transferred to inactive posts. Nimitchai later resigned from the SRT.

The authority decided to use drastic measures when it faced a prolonged dispute over the reduction of the width of the highway's shoulder throughout the project. The company proposed constructing the highway's shoulder at the minimum level along the entire 60-kilometres, while the SRT wanted the company to narrow it on only about 30 per cent of the total length. This would increase safety aspects for motorists using the expressway.

In addition, the SRT reported to the minister that the company had intended to violate the contract in several cases, as well as suggested that the minister should take legal measures if no breakthrough is made on the issues.

This did not satisfy Winai, who accused the SRT of proceeding in the wrong manner. Winai claimed the SRT had a personal conflict with the company which had resulted in the undermining of the relationship between the two sides.

Winai opposed the SRT, saying it was not essential to build the highway shoulder to international standards despite the SRT having enough land. After heavy lobbying, he eventually approved Hopewell's request to reduce the shoulder to the minimum level throughout the whole project.

Hopewell, which won the mega project with a four-page proposal during the Chatchai government, also eyed real estate opportunities for a 600 rai area of land owned by the SRT.

Wu accepted in further negotiations with the Anan government that his benefits would be derived from land development and the expressway being built over elevated railways.

For the community trains, Hopewell would face operating losses due to low passenger fares, but the company believed its benefits from land development would cover the losses.

Unfortunately, Bangkok's real estate industry has slumped due to over supply, especially of condomini-

ums and office buildings. The sluggish real estate business could haunt Hopewell, causing it to quicken the elevated rail/road project and further victimize the mass transit project.

Currently, Wanmuhammatno Matha is transport minister under the New Aspiration Party's quota. His first task is the nomination of the new chairman of the SRT board to replace Dr Phisit Phakkasem, who resigned a few weeks after the minister took office.

The minister last week visited SRT headquarters but did not offer any ideas for solving the elevated railway problems, saying he would hold talks with Hopewell to push for more progress on the project. However, no breakthrough is expected.

Phisit suggested to Prime Minister Banhan Sinlapa-acha recently that the project should be reduced to about 30 kilometres by removing the unviable segments so that it would become more attractive for investors.

However, the company insisted it does not have problems with financial support for its investment. The financial sources include its revenue supplier credit, and international financial institutions. Hopewell does not yet have a concrete financial plan and has not reached a loan agreement with any financial institution.

Whether Hopewell will be able to build the project or not, the government can no longer wait for the company to complete its plan in the next four years. The government must finalise the framework to deal with the lack of progress.

#### **Mon Leader Departs for Talks in Rangoon**

*BK2408045995 Bangkok THE NATION in English  
24 Aug 95 p A5*

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Excerpt] Top ethnic Mon guerrilla leader Nai Shwe Kyin left yesterday for Burma after nearly five decades fighting for autonomy from the Rangoon government.

Nai Shwe Kyin and two other leading members of the New Mon State Party (NMSP) flew from Bangkok to Rangoon on a Myanmar [Burma] Airway International flight. The group was to join another large entourage of top NMSP leaders who left Bangkok for Rangoon on Monday.

After repeated invitations extended by the ruling Burmese State Law and Order Restoration Council (Slorc), the octogenarian leader eventually decided to make the trip after having consulted members of the NMSP central committee. [passage omitted]



A senior NMSP official, who requested anonymity, told THE NATION in an interview yesterday that Nai Shwe Kyin's itinerary was being finalized by the seven-member NMSP advance team and the Slorc, but that he and other top Mon leaders would certainly meet with Slorc leader Lt Gen Khin Nyunt, who initiated ceasefire talks with armed ethnic groups. A meeting with Slorc Chairman Gen Than Shwe was highly possible.

The official said it is Nai Shwe Kyin's first visit to Rangoon since 1963, when he led a Mon delegation to peace talk with the government of Gen Ne Win, and also his first family reunion with his wife and son who now live in Waw, a small town north of Pegu.

Although Nai Shwe Kyin's actual programme was not known at interview time, the official said the Mon leader would likely travel to Moulmein, Burma's Mon State capital, where he would meet and address the Mon population.

Nai Shwe Kyin, who joined the Mon guerrilla movement in 1948, is widely respected by the Mon populace on both sides of the border — those inside Burma and the big Thai Mon community in Thailand. The NMSP and the Slorc began their peace dialogues in December 1993 and the two reached a ceasefire agreement on June 29 this year.

The official said the visiting NMSP team and the Slorc would hold their first post-ceasefire negotiations on various issues including joint border development programmes in the Mon State, bilateral trade and economic activities, health and education projects, and a resettlement plan for about 10,000 Mon refugees in newly designated villages.

The ethnic group and Rangoon would try to finalize their plan to establish an NMSP "liaison office" in several towns in Moulmein, Mergui, Thanbyuzayat, Three Pagodas Pass and Ye to facilitate bilateral contacts and communications.

The Mon group would also urge the Slorc to open "tripartite" dialogues with Burmese political parties led by prodemocracy leader Aung San Suu Kyi and over a dozen armed ethnic groups, most of whom have entered a truce deal with Rangoon, added the official.

Apart from Nai Shwe Kyin, other NMSP leaders in the advance team include Nai Htin, the NMSP vice chairman who led the Mon delegation to the ceasefire agreement in June, Nai Tin Aung, secretary for the trade and economic committee; and Brig Gen Naing Aung Naing, the vice secretary for the central military committee.

#### Narcotics Warlord Khun Sa Seeking 'Retirement'

BK2308041495 Bangkok BANGKOK POST  
in English 23 Aug 95 pp 1, 6

[Report by Subin Khuankaeo]

[FBIS Transcribed Text] Opium warlord Khun Sa has announced he would give up the narcotics trade and his leadership in the rebel army in return for being allowed peaceful retirement. He said he would quit all important positions in the Muang Tai Army (MTA) and was willing to give his full consent to world organisations to manage areas currently under his army's domain without condition except that he be allowed to lead a peaceful life after "retirement." The MTA leader told the BANGKOK POST in an exclusive interview that he wanted to retire and step down as head of the MTA for a number of reasons. He made it clear he was prepared to order his military personnel to put their guns down to allow a UN development organisation or the European Union to develop MTA-controlled areas in Shan State.

"I hereby declare our willingness to drop our weapons and hand over the areas we now control to one of the international organisations, either the UN or the EU.

"I trust the organisations' capability in resolving problems in Shan State," said the 62 year-old Khun Sa through an interpreter.

He decided against asking for help from ASEAN countries, citing their high investment interests and political ties with the Rangoon regime as the reason. The MTA chief harboured doubts whether ASEAN would be sincere in assisting the development plan.

The proposal to unconditionally cease all military activities would benefit people in the MTA domain and the military personnel, said Khun Sa adding that international organisations have what people of Shan State lack — the ability to improve the quality of life and tackle problems regarding basic human rights.

"We are ready to cooperate (with international organizations) in upgrading the quality of life for the people. I believe if the people can be assured of their safety, the worldwide attempt to end the spread of illicit drugs would be a great success. Widespread poppy plantations (in Shan State) would soon be wiped out," said Khun Sa.

"We need sincere and devoted people. If they are able to show their true commitment to contribute to the improvement of people's lives, who knows, maybe they, will receive the Nobel Peace Prize?" he said.

For many decades, Khun Sa, or Chang Si Fu, has gained worldwide notoriety as an opium warlord responsible



for producing and distributing a vast amount of heroin to many countries. But the drug warlord title is not welcomed by Khun Sa, who has been trying to shrug off the tag all these years.

Khun Sa conceded his many attempts to clarify his position in the drug trade with international organisations, including the UN and the EU, have been to no avail. The organizations, he said, have paid little attention to the drug problem. "The organisations never give us a chance to explain ourselves. Instead, they accuse us of producing and being involved in the illicit drug trade. I'm beginning to believe the drug issue has been turned into a political ploy," said Khun Sa.

The deployment of drug suppression drives in the past was proven ineffective due to the lack of understanding on the steps required in manufacturing and trading the drug. The complexity of political problems in Burma also stood in the way of drug suppression operations, he said.

The drug warlord was confident of transforming his controlled area into a narcotic-free zone, but could not give his personal assurance he could do the same for the whole of Shan State.

Khun Sa has flatly refused to hold talks with the Burmese Government over the drug problem, saying the Shan State's ongoing struggle to free itself from Burma's rule has made any negotiations impossible. "I don't want to talk with Burma (government) because it never takes the drug problem seriously. Burma still insists Shan State is part of its territory. There is no way we will agree to that," said Khun Sa.

To permanently end the drug problem in Burma, co-operation from him and the now-defunct Revolutionary Council leader Gen Ne Win is required. Gen Ne Win must hand democracy back to the people and allow him (Khun Sa) to live a peaceful life after his "retirement".

This way the drug problem would be eradicated once and for all, Khun Sa added.

According to a source at the MTA, Khun Sa has begun to feel mounting pressure from within the force, following the pullout of about 500 military personnel loyal to Lt Kanyod, an influential figure in the MTA. The rebel army was reportedly dissatisfied with Khun Sa, accusing him of being unfair in promoting only his loyal followers.

Angry with the favouritism, the breakaway troops led by Lt Kanyod later withdrew from the MTA and headed to the north of Shan State.

In a bid to remedy the rift in the army, most felt there should be a major shakeup of MTA high-level

administrators and Khun Sa may be the first to go, according to the source.

A group of key MTA administrators and Shan State National Congress President Kan Chet have appointed a 10-member committee to take over the MTA.

Kan Chet is tipped to succeed Khun Sa.

Committee Secretary-General Khwan Mong said Khun Sa's name was excluded from the list of committee members. "The majority (of MTA personnel) think he deserves to rest now," he said.

## Vietnam

### Home Affairs Commission Delegation Visits PRC

*BK2408062695 Hanoi VNA in English*  
0547 GMT 24 Aug 95

[FBIS Transcribed Text] Hanoi VNA Aug. 24 — A delegation of the Commission for Home Affairs of the Communist Party of Vietnam Central Committee led by Nguyen Duc Binh, secretary of the party Central Committee and head of the commission, has paid a nine-day working visit to China.

While in Beijing, the delegation met and had working sessions with leading officials of the International Liaison Department, the Central Commission of Political Science and Law, the Central Commission for Discipline Inspection, and the Organization Department of the Communist Party of China Central Committee. They informed each other of their work and discussed issues relating to the party leadership in home affairs in the present situation.

On Aug. 17, Mr. Le Duc Binh [name as received] and his party were received by Mr. Ren Jianxin, secretary and head of the Central Commission of Political Science and Law of the Central Committee of the Communist Party of China who briefed them of the current implementation of the reform and open-door policy in China. He hailed the achievements recorded by the Vietnamese people in their renovation process under the leadership of the Communist Party, and expressed his wish for further promotion of traditional friendship and cooperation between the two parties and nations.

The delegation also toured Shanghai city, and Guangdong Province where it called on a number of economic and cultural establishments.

### Lieutenant General Defines Armed Forces' Role

*BK2408035995 Hanoi Voice of Vietnam Network*  
in Vietnamese 2330 GMT 16 Aug 95

[Essay by Senior Lieutenant General Le Kha Phieu, member of the party Political Bureau and director



general of the Political General Department of the People's Armed Forces — read by announcer]

[FBIS Translated Text] The August Revolution victory, which has been followed by the victories of patriotic wars and achievements from our current revolutionary undertaking, has proven the fundamental principle of Marxist-Leninism and Ho Chi Minh thought, which is that the basic issue for all revolutions is the issue of government. The Vietnamese People's Armed Forces — which have been formed, led, and trained by Uncle Ho and the Communist Party of Vietnam — are the army of the independent and democratic Vietnamese Government. Our Armed Forces are a new revolutionary army, with characteristics of the workers' class, as they are coming from the people, fighting for the people, and protecting the interests of the working people and the entire nation. Many decades of our revolutionary struggle have proven that our Armed Forces are the main armed implement of the party, state, people, and nation to seize and protect the government.

We fully understand Lenin's teaching that seizing the government is difficult, but holding the government in order to organize and build a new society is many times more difficult. Therefore, a firm and united party — with correct and creative lines and appropriately executed steps and forms in the renovation process, including measures to establish a strong people's government, a real democratic structure, and a strict and just national order and regulations — and a clean and efficient government are fundamental factors in the building of a strong people's Armed Forces to protect the party, government, and people's revolutionary gains and to successfully carry out the national renovation.

In our undertaking of national renovation, construction, and protection, we consider economic construction to be our major duty. While considering economic construction as a major duty, we cannot move away from the conception that the government is the basic issue of all revolutions and that we must not treat the building and construction of the people's government lightly. Imperialist and reactionary forces, in their attempt to oppose and sabotage our revolution in all fields and directions, have always aimed at the goal of toppling our revolutionary government or changing the revolutionary characteristics of our government.

Our Armed Forces's heavy and glorious responsibilities, their combat and construction duties, and their military work and production, as well as the development of our Armed Forces, are closely attached to the renovation undertaking, to socialist construction, and to the building of a socialist government of the people, by the people, and for the people under the renovation

direction outlined by the Sixth and Seventh National Party Congresses.

The party leadership is the firm standing point for our regime and government. Therefore, protecting the government, first of all, is to protect the leadership of our Communist Party, Marxist-Leninism, and Ho Chi Minh thought, and to increase our vigilance to frustrate all hostile force conspiracies aimed at our Communist Party using the trick of peaceful evolution in order to degenerate our party and revolutionary government and divert our renovation undertaking.

Our party initiated the renovation and when it commits mistakes and wrongdoings, it promptly corrects itself to upgrade the party's quality and leadership, improve the relationship between the party and the public, and ensure that the people can become their real masters in organizing their prosperous and happy life. Force is not the basic implement of the socialist government, and the government cannot use force as its main instrument. The vitality and victory of the socialist government are the introduction and successful implementation of a higher form of society, which will bring a better spiritual and material life for the people. Despite its mistakes and shortcomings, our government has scored undeniable achievements in its efforts to organize and manage national affairs during the transitional period to socialism. Protecting the government of the people, by the people, and for the people is to protect our economic, political, and social organizations and to develop them to meet new historical requirements when the entire country engages in the renovation and construction of socialism in peace time.

As an important part of the government structure, the people's Armed Forces, together with other government organs, must satisfactorily carry out administrative reform in one step to strengthen national defense and develop our Armed Forces. State management over the Armed Forces and national defense affairs must be satisfactorily carried out. The building of regular Armed Forces must be accelerated.

In our Armed forces, the socialist legal system must be strengthened, and all regulations, policies, and functions must be strictly observed according to the law. The role and function of state management over national defense and security affairs and over the people's Armed Forces must be strengthened according to our political structure, which clearly defines the party leadership, the state management, and the people's right to mastery. We have to correctly resolve the relationship between the absolute and direct leadership by the party in all activities of the people's Armed Forces and the uniform management of the state over the Armed Forces. The



state management in strengthening national defense and building the people's Armed Forces must also be improved.

Our people's Armed Forces were formed and developed in armed uprisings to seize the government and to liberate and protect the nation. Nowadays, we are living in peace, but the peace that we are living in is an unstable one that includes both opportunities and challenges. Our peace still carries unstable factors that cannot be treated lightly. The people's Armed Forces, of course, must continue to be built with efficient quantity suitable to our economy and peaceful situation and with high quality.

First, our Armed Forces must have good political quality so that they can deter all hostile forces, maintain the peace, and fulfill a role as a key force to complete all national defense and security duties in peace time. Therefore, the building of political quality is our most fundamental issue. Political quality is not only a foundation for the building of the Armed Forces in all fields, but it also helps to improve the direct combat of the Armed Forces in the political and ideological front in the current national undertaking and in the present class struggle for the protection of the people's government and our renovation undertaking.

In their new strategies, the hostile forces mainly use non-armed tactics to oppose, sabotage, destroy, and invade our country in the political, economic, social, cultural, and ideological domains in combination with military deterrence. They use the political and ideological opposition as their leading force, and they consider the people's Armed Forces as one of their main opponents. Therefore, the challenge for the people's Armed Forces is the political challenge.

Political stability in the Armed Forces is also a foundation to create unanimity between the military and the people. This is a principle for the building and operating of a revolutionary army. Political and ideological unanimity between the army and the people must be ensured through organizations. Military units should establish suitable organizations to creatively coordinate with public activities and carry out their public relations work. Every cadre and soldier of the people's Armed Forces must be a revolutionary cadre and a public motivation worker. Our Armed Forces must also be a resource of cadres for the party and state.

Our army still has to fulfill its production duty. This duty manifests the fine and fundamental characteristics of the people's Armed Forces. It helps to build and strengthen the material establishments of the people's government and, subsequently, to protect the people's government.

The three functions as a fighting force, a public relations force, and a production force are closely linked together. All military units must complete these three functions in order to develop all of the military's potential and to satisfactorily fulfill its duty as a reliable and strong force of the people's government in our national renovation undertaking.

#### **Defense Force Hosts Event for Former Fighters**

*BK2408085995 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 19 Aug 95*

[FBIS Translated Text] The Air Defense Force Command this morning held a get-together of fighters and writers including books about victories from 5 August 1964 to the victory over the U.S. air war in December 1972. Attending the function were more than 50 persons representing various groups of cadres, combatants, and the people who fought in the war and writers of books about the northern people's struggle against the 8-year U.S. war of destruction.

In a warm and cordial atmosphere, these representatives recalled their heroic contributions to the war 31 years ago and commended various bold sacrifices to defend our national independence and freedom.

This traditional get-together will help remind the younger generation of the struggle to contribute to the renovation undertaking so that it can follow the footsteps of the elder generation.

#### **Public Opinion Sought on Nuclear Plant Plan**

*BK2408093995 Hanoi VIETNAM INVESTMENT REVIEW in English 31 Jul-6 Aug 95 p 18*

[FBIS Transcribed Text] Public opinion is about to be tested on plans to build Vietnam's first nuclear power plant, according to a report in LAO DONG Newspaper. A large-scale survey is being prepared following the release of results of a smaller survey. Professor Cao Chi, director of the Institute of Nuclear Science and Technology, said that the initial poll, conducted among government officials in 1991, found 58 percent in favour.

The 1991 poll also reported 28 percent of those interviewed as stating it was necessary to weigh the pros and cons before making use of nuclear energy, while the remaining 14 percent disapproved of the plan, which envisages a nuclear plant being built in 2010 to 2015. According to Chi, the number of people supporting atomic power will increase because the country will need as much as 100 billion kWh by the year 2000.



**Vice State President Examines 1995 Amnesty**

*BK1908102295 Hanoi VNA in English  
0706 GMT 19 Aug 95*

[FBIS Transcribed Text] Hanoi VNA August 19 — Vice State President Nguyen Thi Binh paid eight-day fact-finding tour of a number of prisons in the country. The vice president, accompanied by three standing members of the Central Amnesty Consultancy Committee, aimed to see the implementation of the state amnesty decision in 1995 as well as the re-education of prisoners.

(?Mr) Binh and three members of the fact-finding delegation during the tour carefully examined all proposed amnesty cases this year, particularly who are war invalids, next-of-kin of war martyrs, elderly or suffering serious diseases. Under the decision signed by President Le Duc Anh on Feb. 27, 1995, 4,000 prisoners will be granted special amnesty this year. The first release of 400 was carried out on the 20th anniversary of national reunification and the rest on the forthcoming 50th national day (Sept. 2).

**Economic Police Deal With Corruption Cases**

*BK2408070495 Hanoi Voice of Vietnam Network  
in Vietnamese 0500 GMT 18 Aug 95*

[FBIS Translated Text] Since early this year, the police in various localities have detected 14,500 smuggling cases and confiscated a volume of goods worth more than 441 billion dong.

Implementing the anticorruption campaign, the economic police department detected 494 cases, saved 46.4 billion dong for the state, and arrested 695 persons. The department also detected 60 major corruption cases. They include leaders of the Dau Tieng Hydroelectric Power Plant's construction enterprise who misappropriated several billion dong of the state; the Hanoi Construction Corporation No. 1 which abused more than two billion dong; the Hanoi Post and Telegraph Service's Construction Company that embezzled more than 2.5 billion dong, and the Pacific Airline Company's chief accountant who made false claim causing losses of 38 billion dong to the state.

**Export Processing Zones Face Building Problems**

*BK2408091195 Hanoi VIETNAM INVESTMENT  
REVIEW in English 31 Jul-6 Aug 95 p 15*

[FBIS Transcribed Text] Construction on Vietnam's six Export Processing Zones (EPZs) is proceeding sluggishly, despite Government tax incentives. The goals of the EPZs are to build infrastructure and increase foreign investment and technological transfer. Linh Trung EPZ, Ho Chi Minh City, was licensed three

years ago. However, to date, only 30 hectares, or 50 percent of the total area, has been occupied and only four investment enterprises have been licensed, with a combined investment capital of US\$5.3 million.

Over one and half years since establishment, Da Nang EPZ, with an area of 190 hectares, has attracted only one candle production export company with a total investment capital of US\$1.5 million. Similarly, Can Tho EPZ, established in November 1993, has attracted just one fishing net production project with a registered investment capital of US\$13.5 million. Noi Bai EPZ, 15 months after licensing, has only recently been provided an area of 100 hectares near Noi Bai Airport for construction.

Hai Phong EPZ is faring the worst and is in danger of dissolution through lack of capital for development. The Tan Thuan EPZ is the notable exception. At the end of June this year, there were 88 projects registered to invest in 85 hectares of land in Tan Thuan EPZ, Ho Chi Minh City, accounting for 30 per cent of the total area.

The EPZ's Administration Board has granted licences to 49 projects with a combined investment capital of US\$183 million. Of the licensed projects, 11 are already in operation and 21 are under construction. The total realised capital of enterprises investing in Tan Thuan EPZ is at US\$22 million. In 1994, enterprises in Tan Thuan produced export products worth US\$16.8 million.

According to Nguyen Xuan Trinh, deputy chief of the EPZ Management Department at the State Committee for Cooperation and Investment (SCCI), EPZs have been implemented slowly for a variety of reasons, including insufficient investment capital; weak organisation and operation of EPZ management boards; inadequate public promotion; and insufficient sources of water and power.

All zone projects take the form of either joint ventures with foreign partners or domestic ventures. In contrast, the Industrial Zones (IZs) in Hai Phong and Dong Nai have been implemented quickly and are expected to attract numerous investment projects.

Two IZs located in Bien Hoa will also begin construction this year. Unlike EPZs, those investing in IZs are not required to export all of their products but can also sell on the expanding Vietnamese market. Trinh believes that the Government should approve a master plan on building industries in each zone and regulate investment conditions for each kind of project, thereby creating a foundation for attracting investment.



**Australia****PRC Denies Citizens Visas for Women's Meeting**

*BK2408072495 Melbourne Radio Australia  
in English 0500 GMT 24 Aug 95*

[FBIS Transcribed Text] China has refused entry to 30 Australians who had planned to travel to the country for next month's United Nations Women's Conference in Beijing. About 40,000 people, including 800 Australian women, are expected at the event.

Australia's official delegation is headed by federal health minister, Carmen Laurence. Kathy Townsend, head of the Office of the Status of Women, who is among those with permission to enter China, says the refusals are of serious concern.

[Begin Townsend recording] We understood originally that the decision was that the Chinese Government would give visas to anyone who received accreditation and we are aware that there are some people who have been accredited and who have not received visas. Now, we do not know whether that is due to bureaucratic mismanagement or whether there is some intent. But that is what we have asked [the Department of] Foreign Affairs to look. [end recording]

**Further on Visit of Philippines President Ramos****Addresses Darwin Assembly**

*LD2308144595 Melbourne Radio Australia  
in English 1200 GMT 23 Aug 95*

[FBIS Transcribed Excerpt] Philippines President Fidel Ramos has become the first leader of an Asian country to address an Australian parliament. On his way back to Manila after an official visit, President Ramos made a brief stopover in Darwin to address the Northern Territory legislative assembly, during which he called for closer ties between the Philippines and Australia, starting with improved transport links. He also attended the signing of an agreement with the Northern Territory government aimed at boosting commercial, cultural, educational, and sporting links with the southern Philippines region of Mindanao. [passage omitted]

**Joint Project To Train Police**

*BK2408063695 Melbourne Radio Australia  
in English 0500 GMT 24 Aug 95*

[FBIS Transcribed Text] Australia will help train the Philippines Police Force to deal with drugs and sex

crimes. A special aid package will pay for three members of the Australian federal police to go to the Philippines later this year to train local police in surveillance and investigation techniques.

Development cooperation minister, Gordon Bilney, says the Philippines national police has identified high incidents of sexual offenses against women as well as children of both sexes. Twentyfive police women will be trained to identify and investigate sexual offenses. Another 25 members of the narcotics branch of the police force will be trained in overt and covert drug surveillance.

**Sino-Vietnamese Boat People Returned to PRC**

*BK2408070295 Melbourne Radio Australia  
in English 0500 GMT 25 Aug 95*

[FBIS Transcribed Text] A group of 71 Sino-Vietnamese boat being detained in Western Australia has been sent back to China. The group arrived on five boats and had been held at the Port Hedland detention center since November last year.

It is the fifth group to be sent back to China under new laws which prevent people already given refugee status in one country from claiming it in Australia. Under an agreement Australia has with China, the refugees are promised protection when they return. A total of 325 Sino-Vietnamese boat people have been returned so far.

**Cook Islands****Diplomatic Ties Established With Portugal**

*LD2108123195 Melbourne Radio Australia  
in English 0700 GMT 21 Aug 95*

[FBIS Transcribed Text] The Cook Islands has established diplomatic relations with Portugal. It's the first time it has established such links with a country outside the Pacific region. Vincent (Ingram), Cook Islands high commissioner to Australia, and Dr. Rui de Avila, Portuguese ambassador in Canberra, [name and title as received] signed a joint communique between the two countries. Mr. (Ingram) says the move is significant because Portugal, as a full member of the European Union, recognized the international status of the Cooks, which could help its bid to join the Lome Convention [covering relations between the EC and developing countries].



This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

### ***SUBSCRIPTION INFORMATION***

#### **U.S. Government Customers**

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS  
P.O. Box 2604  
Washington, DC 20013-2604  
Telephone: (202) 338-6735  
FAX: (703) 733-6042

#### **Non-Government Customers**

Subscriptions are available from the National Technical Information Service:

NTIS  
5285 Port Royal Road  
Springfield, VA 22161  
Telephone: (703) 487-4630  
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.